

**2015/
2016**

ANNUAL BUDGET OF MAKHADO LOCAL MUNICIPALITY

**2015/2016 TO 2017/2018
MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS**



Budget and
Treasury
Makhado
Municipality
2015/2016



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1.1. Mayor's Report

- The mayor's report will be furnished after the Budget Speech.

1.2. Council Resolution

CERTIFIED A TRUE AND CORRECT EXTRACT FROM THE MINUTES OF THE 99th SPECIAL COUNCIL MEETING WHICH WAS HELD IN THE COUNCIL CHAMBER, CIVIC CENTRE, GROUND FLOOR, 83 KROGH STREET, MAKHADO ON THURSDAY, 28 MAY 2015 AT 14:00

“ITEM A.62.28.05.15

**FINANCES: FINAL CAPITAL AND OPERATIONAL ESTIMATES 2015/2016 TO 2017/2018 FINANCIAL YEAR
(6/1/1 (2015/2016))**

RESOLVED A.62.28.05.15 (COUNCIL) –

1. THAT the final Capital and Operational Estimates for the 2015/2016 financial year as more fully recorded in Annexure A and B attached to the report in this regard be approved and that the Accounting Officer proceeds with the publication of the final Annual Budget as purposed in section 22 of the Local Government: Municipal Finance Management Act, No 56 of 2003, and the Regulations promulgated in terms thereof.
(CFO)
2. THAT note be taken the 2015/2016 budget related policies as approved in the draft annual budget on 30 March 2015 remain unchanged after public notification and consultation processes aligned to the IDP, with exception of the Credit Control and Debt Collection Policy.
(CFO)
3. THAT it be noted that the 2015/2016 Estimates will after approval by the Council in terms of section 22 of the Municipal Finance Management Act, be submitted to National Treasury and the Provincial Treasury as attached being the quality certificate approved by the accounting officer.
(CFO)
4. THAT the following 2015/2016 budget related policies and By-laws be approved as more fully set out in Annexure D1 to D19 attached to the report in this regard-
Policies
 - 4.1 Virement Policy
 - 4.2 Credit Control and Debt Collection Policy
 - 4.3 Tariff Policy Free Basic Services
 - 4.4 Borrowing Policy
 - 4.5 Expenditure Management Policy
 - 4.6 Funding and Reserves Policy
 - 4.7 Budget Policy
 - 4.8 Framework for Cashflow Management
 - 4.9 Asset Management Policy
 - 4.10 Investment Policy
 - 4.11 Subsidy for Indigent Household Policy
 - 4.12 Writing Off Irrecoverable Debt Policy
 - 4.13 Property Rates Policy
 - 4.14 Supply Chain Management Policy
 - 4.15 Revenue Management Policy



- 4.16 Travel and Subsistence Policy
- 4.17 Petty Cash Policy

By-Laws

- 4.18 Property Rates By-Law, 2015
 - 4.19 Credit Control and Debt Collection By-laws, 2015
(CFO)
5. THAT the amendment to the contents of the Property Rates By-law, 2008 and the Credit Control and Debt Collection By-law, 2014 be approved as more fully set out in Annexure D of the report in this regard, and that the necessary promulgation be undertaken after public consultation thereof.
(DCS)
6. THAT the increase in municipal tariffs and charges be approved as more fully set out in the various notices of Annexure C to this report, and the necessary promulgation thereof be done in terms of the provisions of Local Government Legislation.
(CFO)
7. THAT the Service Level Standard proposed by National Treasury, as more fully set out in **Annexure E** attached to the report in this regard, be noted.
(CFO)

FinalBudget2015-2016_itm”

* * * * *

I the undersigned hereby certify that the above is a true and correct extract from the Minutes of the 99th Special Council meeting held on 28 May 2015.

A handwritten signature in black ink, appearing to read "S M Caroto".

S M CAROTO

MANAGER: ADMINISTRATION AND COUNCIL SUPPORT

Department Corporate Services

Makhado Local Municipality

Date: 9 June 2015



1.3. Executive Summary

1.3.1. Consultative process

The process for community consultation was done after the budget has been tabled by the Council on the 31st March 2015 and all inputs received from the community were taken into consideration before the finalization of the 2015/2016 Budget.

1.3.2. Alignment with national, provincial and district priorities

The National, provincial and district priorities will be gathered during consultative process and be integrated in the IDP of the Makhado Municipality and District Municipality.

1.3.3. Alignment with National and Provincial Government

Information-sharing will take place between the municipality and the national and provincial governments, in order to ensure integration.

1.3.4. Proposed tariff increases

Proposed tariff increase on other services are as follows:

SERVICE	2015/2016	2016/2017	2017/2018
Electricity	12.20%	12.20%	12.20%
Property rates	4.8%	5.9%	5.6%
Other services	4.8%	5.9%	5.6%
Sundry tariffs	4.8%	5.9%	5.6%

1.3.5 Situational Analysis

1.3.5.1 Demography

The total population of Makhado has increased by about from 495 261 to 516 031 in 2011 (Based on the 2011 census outcome). The number of households have increased from 108 978 to 134 889 households (Census 2011) with about 225 059 registered voters. The Municipality is made up of 5 formal towns namely, Makhado, Vleifontein, Vuwani, Waterval and Dzanani with about 279 villages. The main administrative office is situated in Makhado town with three supporting regional administrative offices in Dzanani, Vuwani, and Waterval. The municipality has 38 ward councillors and 37 proportional councillors. There are 14 traditional leaders who are ex-officio members of the municipal council and 10 councillors who



are members of the executive committee. The Municipality also has 38 established and fully functional ward committees.

Quick Facts and Figures

Political Office Bearers and Municipal Manager	
Mayor	Cllr Mutavhatsindi FD
Speaker	Cllr Mogale LB
Chief Whip	Cllr Ludere R
Municipal Manager	Mr Mutshinyali IP
Service Delivery Backlogs as at 2012	
Population	516 031
Number of Households	134 889
Water Provision Backlog	40 635
Electricity Provision Backlog	21 192
Sanitation Backlog	86 036
Number of Households without refuse removal	88 252
Housing Backlog	16 807
Existing service Delivery Level	
Number of Voters	225 059
Indigent Households	24 464
Households Receiving free basic Electricity	18 592
Households Receiving free basic Water	129 224
Debts owed to the Municipality	R 131 633 892

Table 2.3.1: Quick Facts and figures

Mortality and Fertility

The information provided in this section is based on the information as recorded and provided by Department of Health. The table below reflects that 8335 children were born in 2011 and 1798 people died during the same year, this figures do not however reflect unrecorded incidences. The figures provided reflect the number of deaths and birth as recorded per Hospital within Makhado Municipality.

At best, the figures provide an indication of the correlation between mortality and birth. Therefore based on the provided figures it can be deduced that the ratio of deaths to births recorded is approximately 1:4. Another limitation to this information is that the Hospitals indicated below provide a District service and the recorded information might be inclusive of the mortality and birth statistics of people coming from elsewhere. (Refer to the Table Below)

Institution	Birth		Death	
	Male	Female	Male	Female
Louis Trichardt Memorial Hospital	807	726	145	106
Elim Hospital	1897	1803	452	460
Silaom Hospital	1404	1698	307	328



Table 2.3.2: Deaths and Births per Hospital for 2011

Source: Information provided by Department of Health, 2012

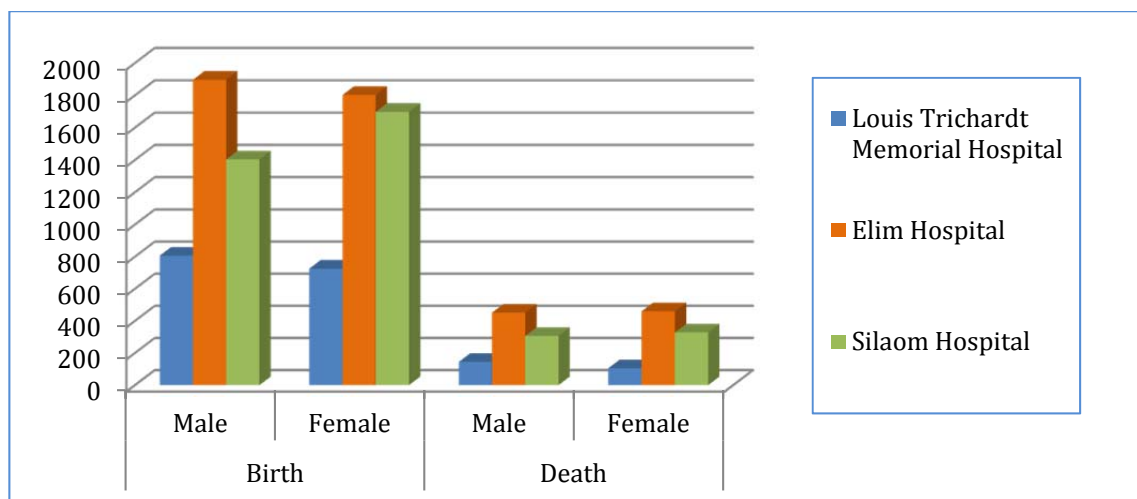


Figure 2.3.2: Deaths and Births per Hospital for 2011

Source: Information provided by Department of Health, 2012

Age Structure and Sex

Makhado Municipality is composed of 279 236 female and 236 795 male persons (Information source: Census 2011). The population has a youthful age structure and the immediate significance of this young age structure is that the population will grow rapidly in future and this implies a future high growth rate in the labour force. At present, the local economy is unable to provide sufficient employment opportunities to meet the needs of the economically active population. A youthful population structure also implies a relatively higher dependency ratio. From a socio-economic perspective, the main elements of the population can be summarised as follows:

Population Element	Percentage (%)
Economically active	46 %
Economically inactive	54%
Total	100%

The figures above clearly show the high percentage of the population that is economically inactive. This figure can be attributed to the high percentage of the population being under the age of 15, which per definition renders them economically inactive.

The largest percentage of the rural black population between the ages of 15 – 65 years comprises women. This can be attributed to the migration of men for employment opportunities elsewhere. The high level of male absenteeism implies that women are predominantly the key decision makers at home. The table below provides more details on age structure and sex.



Gender	Age Groups	Black African	Coloured	Indian or Asian	White	Other	Unspecified
Male	0 - 4	32201	63	103	311	11	-
	5 - 9	28248	40	77	350	3	-
	10 - 14	29439	38	66	351	10	-
	15 - 19	31171	47	59	352	34	-
	20 - 24	23887	57	91	308	102	-
	25 - 29	16560	49	124	374	102	-
	30 - 34	12706	50	143	405	42	-
	35 - 39	10733	46	100	434	31	-
	40 - 44	9397	47	90	428	17	-
	45 - 49	8432	26	59	380	10	-
	50 - 54	6662	30	40	394	3	-
	55 - 59	5668	32	25	370	7	-
	60 - 64	4277	14	36	289	4	-
	65 - 69	3061	10	22	223	2	-
	70 - 74	3060	13	13	143	2	-
	75 - 79	1628	3	5	97	2	-
	80 - 84	1274	7	5	53	1	-
	85 +	1084	-	2	28	1	-
Female	0 - 4	31607	64	78	346	13	-
	5 - 9	27715	43	76	333	12	-
	10 - 14	27313	53	61	328	17	-
	15 - 19	29646	52	49	275	11	-
	20 - 24	23961	40	57	309	10	-
	25 - 29	20177	38	65	368	11	-
	30 - 34	17471	31	58	355	9	-
	35 - 39	16215	45	60	422	9	-
	40 - 44	14033	28	54	408	9	-
	45 - 49	12897	30	43	366	7	-
	50 - 54	11195	22	35	377	10	-
	55 - 59	8816	29	40	335	6	-
	60 - 64	6486	24	25	274	5	-
	65 - 69	6079	13	28	234	-	-
	70 - 74	5119	11	12	155	2	-
	75 - 79	5493	8	11	136	2	-
	80 - 84	4469	5	4	77	-	-
	85 +	3941	6	3	68	2	-



Table 2.3.3: Age structure and Sex

Source: Stats SA 2011 National Census, www.statsa.co.za

Region of Birth

Gender	Region	Black African	Coloured	Indian or Asian	White	Other
Male	Born in South Africa	214753	462	510	4856	93
	SADC	6013	8	10	123	48
	Rest of Africa	232	2	43	12	144
	United Kingdom and Europe	2	-	3	26	-
	Asia	12	6	386	-	16
	North America	1	-	-	-	-
	Latin America and Caribbean	-	-	-	-	-
	Oceania	-	-	-	-	-
	Unspecified	8476	94	108	273	83
	Not applicable	-	-	-	-	-
Female	Born in South Africa	264947	504	475	4784	95
	SADC	3430	11	13	137	13
	Rest of Africa	38	-	10	7	2
	United Kingdom and Europe	6	-	-	31	-
	United Kingdom and Europe	6	-	-	31	-
	Asia	5	1	213	2	2
	North America	-	-	-	-	-
	Latin America and Caribbean	-	-	-	1	-
	Oceania	1	-	-	2	-
	Unspecified	4207	25	50	202	21
	Not applicable	-	-	-	-	-



Table 2.3.4: Region of Birth by Gender and Population Group

Source: Stats SA 2011 National Census, www.statsa.co.za

Dwelling Types

The following table reflects the main dwelling types found in Makhado Municipality. Traditional residential areas account for 87% percent of the total households followed by formal residential areas presumably those found in Makhado Town and the R293 Townships.

Enumeration Area	Households
Formal residential	9 336
Informal residential	97
Traditional residential	117 428
Farms	6 960
Parks and recreation	11
Collective living quarters	122
Industrial	205
Small holdings	0
Vacant	633
Commercial	97
Total	134 889

Table 2.3.5: Census 2011, dwelling type by population group of head of the household

Source: Stats SA 2011 National Census, www.statsa.co.za

Makhado Household Trends

According to the recent Census findings (Census 2011) the number of households in Makhado Municipality have risen by about 24% from 108 978 in 2001 to 134 889 in 2011.

Census 2001	Census 2011	Increase	Percentage Increase
108 978	134 889	25 911	24%

Table 2.3.6a: Census 2011, Number of household

Source: Stats SA 2011 National Census, www.statsa.co.za

The table below reflects the types of main dwelling present in Makhado Municipality. A total of 121 461 households in the Municipality are brick/concrete block structure on a separate stand or yard or on a farm.

Type of dwelling	Households
House or brick/concrete block structure on a separate stand or yard or on a farm	121 461
Traditional dwelling/hut/structure made of traditional materials	6 749
Flat or apartment in a block of flats	655
Cluster house in complex	215
Townhouse (semi-detached house in a complex)	168
Semi-detached house	432
House/flat/room in backyard	682
Informal dwelling (shack; in backyard)	1 737
Informal dwelling (shack; not in backyard; e.g. in an informal/squatter settlement or on a farm)	1 736



Room/flatlet on a property or larger dwelling/servants quarters/granny flat	337
Caravan/tent	139
Other	578

Table 2.3.6b: Census 2011, dwelling type by head of the household

Source: Stats SA 2011 National Census, www.statsa.co.za

1.3.5.2 Issues to be addressed

- ❖ The population growth rates tend to be much higher than the economic growth rate, which implies that the economy is not able to provide sufficient employment opportunities to absorb new entrants to the labour market.
- ❖ There is no accurate information on the past and current incidence of HIV/AIDS, but it can be assumed that it has increased significantly over the past 2 – 3 years, particularly so in the rural areas.
- ❖ Local communities do not have sufficient information on life threatening diseases, particularly HIV/AIDS.
- ❖ High child mortality levels are prevalent in the rural areas.
- ❖ The presence of immigrants is a growing problem.
- ❖ There is a lack of economic activity and investment in the area that can create employment opportunities.

Service delivery standards, levels of services, outcomes, timetable for achievement and financial implications

1.3.5.2.1 Challenges in respect of water and sanitation

- ❖ The municipality has inadequate and fragmented water services provision with different standards and plans. The inadequate water provision implies that less water will be for agricultural, which is one of the pillars of the economy.
- ❖ Most of the pit latrines in the rural areas have not been properly constructed. A number of innovative systems are available on the market.
- ❖ Unauthorised water connection.
- ❖ The water systems are not metered and monitored on continual basis.
- ❖ The overall sanitation system needs improvement.
- ❖ There must be system to drain the full VIP toilets as a way to sustain the sanitation system.
- ❖ Most rural areas do not have proper sanitation facilities and households have to construct their own pit latrines. About 66% or 66 048 households do not have sanitation at RDP standards.



1.3.5.2.2 Free Basic Water and Sanitation

The intention of the municipality's Free Basic Water Policy is to ensure that no one is completely denied access to water and sanitation supply because of not being able to pay for the service. The recipients of Free Basic Water are all metered households who are being billed as the universal approach policy is being used. However, for the Free Basic Sanitation, the poor households are targeted and receive an indigent subsidy monthly. An indigent register is kept and updated annually each households receives 50 unit per month.

1.3.5.2.3 Electricity Provision

Issues

About 22 000 households are without electricity

1.3.5.2.4 Free Basic Electricity (FBE) and Free Basic Energy

The municipality has a FBE policy that targets poor households. 50 units of electricity are given free to indigent households monthly. An indigent register of the households earning less than R1 100 per month and or are unemployed is kept and is updated annually. About 7 841 indigent households in both Eskom and council's licence areas are receiving FBE. A further 1 100 households who are using the Solar systems in areas where there is no electricity grid are receiving a Free Basic Energy subsidy amount. Even though most houses in the rural areas are electrified, some do not have the electricity appliances. Prepaid cards are not accessible to all villages.

1.3.5.2.5 Waste Management

The Louis Trichardt town, air force base and surrounding townships have proper waste management systems with sufficient capacity for at least the short to medium term. The waste disposal sites in the rural areas do not have permits and observations indicate that households in the rural areas usually burn their waste. The waste sites also contribute to the contamination of ground water.

The municipality is responsible for the operational maintenance of the waste management system that serves the community. The Provincial Department of



Health is responsible for the licensing, operation and maintenance of those waste management systems that treat and dispose of medical waste.

The municipality is removes the waste once per week from the military air force base. The rural areas Kutama and Sinthumule are serviced with a rudimentary system comprising one team of (57) people that collected the waste three times per week. The municipality removes waste every day in the Makhado town CBD. Illegal disposal of waste is currently a major challenge, which is also placing a strain on the natural environment.

1.3.6 Levels of rates, service charges and other fees and charges

A detailed schedule of all tariffs and charges for services is accompanying this document and is marked Annexure A



1.4 Operating Revenue Framework

Makhado Local Municipality intends to continue improving the quality of services provided to its citizens by generating the required revenue and also generating more out of scarce resources. The reality is that the municipality is faced with development backlogs and poverty, thus in addressing this challenges the expenditure required will always exceed the available funding hence the municipality has to prioritise expenditures considering the community needs and the IDP.

The municipality revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy
- Growth in the municipality and continued economic development
- Efficient revenue management aiming at maximum revenue collection for services rendered by the municipality
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA)
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004(Act 6 of 2004) (MPRA)
- The municipality's Indigent Policy and rendering of free basic services, and
- Tariff policies of the municipality

The following table is a summary of the 2015/2016 to 2017/2018 Medium Term Revenue and Expenditure Framework (classified by main revenue sources):

Table 2 Summary of revenue classified by main revenue source

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source										
Property rates	26,434	28,077	28,523	35,311	41,666	38,088	24,854	43,642	46,693	49,119
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	215,031	209,661	231,351	256,416	257,452	206,333	134,436	288,861	324,102	363,642
Service charges - water revenue	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	7,568	6,343	6,852	7,713	9,284	7,417	4,977	9,724	10,404	10,944
Service charges - other	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	360	170	505	258	429	320	224	449	481	506
Interest earned - external investments	1,955	1,341	1,955	1,734	3,136	2,500	1,608	3,285	3,515	3,697
Interest earned - outstanding debtors	16,695	16,357	13,007	20,439	11,439	6,918	4,572	11,981	12,819	13,485
Dividends received	–	–	–	–	–	–	–	–	–	–
Fines	2,670	3,849	5,650	3,118	1,566	1,110	781	1,641	1,756	1,847
Licences and permits	–	–	–	–	–	–	–	–	–	–
Agency services	11,667	12,207	11,078	13,986	10,741	8,925	6,049	11,251	12,037	12,663
Transfers recognised - operational	218,485	241,136	263,138	291,305	291,305	282,399	209,739	360,010	369,813	367,641
Other revenue	14,004	9,212	18,228	25,942	19,808	–	3,439	20,748	22,199	23,353
Gains on disposal of PPE	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	514,869	528,354	580,286	656,222	646,827	554,009	390,679	751,591	803,818	846,895

- The property rates budget has increased compared to the 2014/2015 actuals due to the recent property valuations conducted by the municipality.
- An agency fee relates the 20% commission from the Department of Transport in relation to the licenses and permits revenue collected on its behalf.
- The above table excludes revenue foregone arising from discounts and rebates associated with tariff policies of the municipality.

Operating grants and transfers totals R 291 million in the 2014/2015 financial year and steadily increases to R 367 million by 2017/2018 financial year. Note that the year-on-year growth for the 2015/2016 financial year is 24.82 percent and then flattens out to 1.3 and 0.5 per cent in the two outer years.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Summary of operating grants

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
RECEIPTS:									
<u>Operating Transfers and Grants</u>									
National Government:	215,807	241,136	261,738	291,305	291,305	282,399	363,596	368,360	366,556
Local Government Equitable Share	212,830	235,434	256,239	287,643	287,643	279,652	354,731	360,778	358,823
Finance Management	1,080	1,620	1,591	1,600	1,600	1,139	1,600	1,625	1,700
Municipal Systems Improvement	800	800	890	934	934	564	930	957	1,033
Energy Efficiency and Demand Management	–	–	–	–	–	–	5,000	5,000	5,000
Expanded Public Works Programme (EPWP)	1,097	3,282	3,018	1,128	1,128	1,045	1,335	–	–
Provincial Government:	–	–	1,400	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
Expanded Public Works Programme (EPWP)	–	–	1,400	–	–	–	–	–	–
District Municipality:	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
Other grant providers:	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	215,807	241,136	263,138	291,305	291,305	282,399	363,596	368,360	366,556

1.5 Operating Expenditure Framework

The municipality's expenditure framework for the 2015/2016 to 2017/2018 budget and medium term revenue and expenditure framework is informed by the following:

- Balanced budget constraints (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit,
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA
- Operational gains and efficiencies will be directed to funding the capital budget and other core services, and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2015/2016 to 2017/2018 budget and medium term revenue and expenditure framework (classified per main type of operating expenditure)

Table 4 Summary of operating expenditure by standard classification item

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Expenditure By Type										
Employee related costs	171,739	199,383	201,866	228,090	229,757	198,742	131,638	241,177	254,442	267,928
Remuneration of councillors	16,254	18,470	20,782	20,675	21,705	18,416	12,103	22,610	23,944	25,285
Debt impairment	40,022	40,624	12,894	20,000	20,000	–	–	10,000	10,550	11,109
Depreciation & asset impairment	349,426	112,670	123,074	145,015	145,015	–	–	153,426	161,865	170,444
Finance charges	4,812	9,025	10,302	5,859	5,901	1,261	939	6,181	6,613	6,957
Bulk purchases	141,762	156,721	157,754	188,227	189,898	114,237	83,538	216,939	247,831	283,122
Other materials	–	–	–	–	–	–	–	–	–	–
Contracted services	–	–	–	–	–	–	–	–	–	–
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	189,568	112,252	162,579	138,402	152,390	101,147	65,012	184,796	187,463	197,657
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–
Total Expenditure	913,584	649,145	689,249	746,269	764,667	433,803	293,229	835,130	892,708	962,501

The salaries and wages are budgeted for at an overall increment rate of 4.4% as guided by the National Treasury Circular no 75 and The South African Local Government Association press release issued on the 3rd March 2015.

The remuneration of councillors was budgeted based precisely on the Government Notice no.38608 issued on the 25th March 2015 on the Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils.

The total salary bill to the amount of R 241,177,000 includes the budgeted positions to be filled during the 2015/2016 financial year. The positions will be filled through the process of service delivery priorities and the approved municipal organogram.

The provision of debt impairment was determined based on an annual collection rate of 97 percent and debt written off policy of the municipality. For the 2015/16 financial year this amount equates to R10 million and escalates to R11 million by 2017/18. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

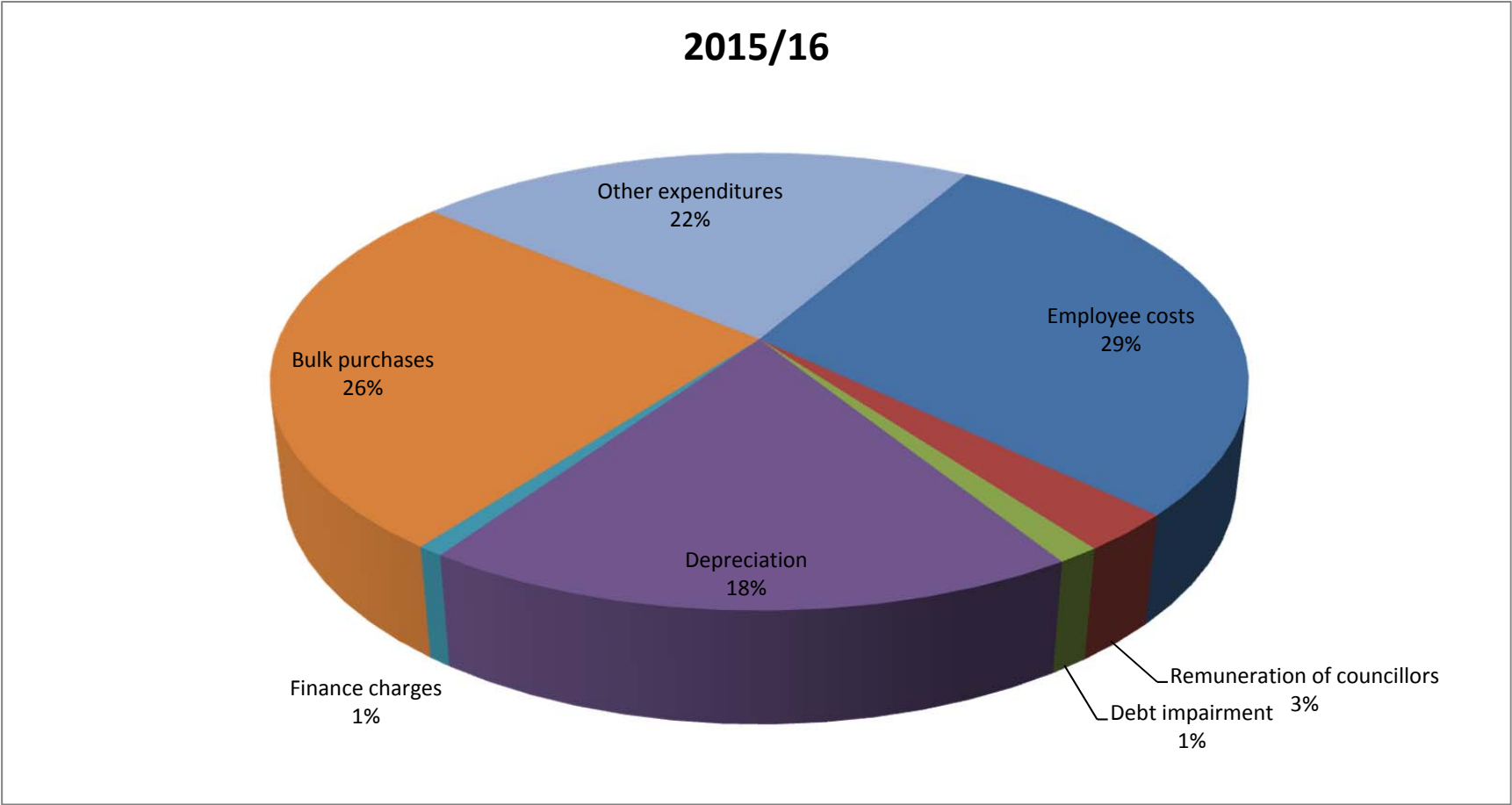
Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R153 million for the 2015/16 financial and equates to 18.4 per cent of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital) including the finance lease contracts. Finance charges make up 0.7 per cent (R6.1 million) of operating expenditure excluding annual redemption for 2015/2016 and increases to R6.9 million by 2017/18.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. Bulk purchases have increased by 14.24 per cent in line with Eskom's electricity tariff increase to municipalities as per Circular no 75.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The following table gives a breakdown and the trends of the main expenditure categories for the 2015/2016 financial years.



Priority given to repairs and maintenance

- The following table reflects the extent to which the municipality invest in the repairs and maintenance of its existing infrastructure and other assets to ensure the sustainability of service delivery to the people. It is noted that the amount of repairs and maintenance is not sufficient due to the cash flow challenges and service delivery needs faced by the municipality, however the municipality is committed to ensure the increase in repairs and maintenance year by year going forward.

Table 5 Summary of repairs and maintenance per asset class

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>									
<u>Infrastructure</u>	-	-	-	-	11,883	-	30,534	22,931	23,815
Infrastructure - Road transport	-	-	-	-	1,688	-	9,858	1,392	1,400
Roads, Pavements & Bridges	-	-	-	-	1,688	-	9,858	1,392	1,400
Infrastructure - Electricity	-	-	-	-	10,104	-	20,580	21,437	22,308
Transmission & Reticulation	-	-	-	-	10,104	-	20,580	21,437	22,308
Infrastructure - Water	-	-	-	-	91	-	96	102	107
Reticulation	-	-	-	-	91	-	96	102	107
<u>Other assets</u>	-	-	-	-	12,187	-	14,134	14,911	15,702
General vehicles	-	-	-	-	6,390	-	7,342	7,745	8,156
Plant & equipment	-	-	-	-	563	-	737	778	819
Other Buildings	-	-	-	-	822	-	884	933	982
Other	-	-	-	-	4,412	-	5,171	5,455	5,744
Total Repairs and Maintenance Expenditure	-	-	-	-	24,070	-	44,668	37,842	39,517
<i>R&M as a % of PPE</i>	0.0%	0.0%	0.0%	0.0%	1.2%	0.0%	2.2%	1.8%	1.8%
<i>R&M as % Operating Expenditure</i>	0.0%	0.0%	0.0%	0.0%	3.1%	0.0%	5.3%	4.2%	4.1%



1.6 Capital Expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 6 2015/2016 Medium-term capital budget per vote

Vote Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 1 - EXECUTIVE AND COUNCIL	39,736	54,685	100,436	106,872	148,766	69,066	48,726	107,656	153,694	137,424
Vote 2 - WASTE MANAGEMENT	–	–	–	4,660	4,020	3,062	2,296	5,300	6,000	6,400
Vote 3 - ROAD TRANSPORT	–	–	–	2,145	1,039	172	3	1,430	1,473	1,456
Vote 4 - WATER	–	–	–	–	–	–	–	–	–	–
Vote 5 - ELECTRICITY	29,046	10,280	18,658	23,189	27,954	18,671	12,352	21,383	32,909	35,335
Vote 6 - CORPORATE SERVICES	2,768	863	512	3,665	2,785	603	258	4,500	4,635	4,774
Vote 7 - PLANNING AND DEVELOPMENT	1,571	1	967	3,300	3,000	1,183	728	2,575	2,729	2,811
Vote 8 - COMMUNITY AND SOCIAL SERVICES	–	6,779	865	–	–	–	–	–	–	–
Vote 9 - HOUSING	–	–	–	–	–	–	–	–	–	–
Vote 10 - OTHER	17	0	797	5,970	3,270	133	99	7,100	3,000	4,000
Vote 11 - SPORTS AND RECREATION	–	–	–	940	940	399	299	–	–	–
Vote 12 - BUDGET AND TREASURY	–	14,320	–	200	80	113	213	13,994	–	–
Capital multi-year expenditure sub-total	73,138	86,926	122,235	150,941	191,854	93,402	64,975	163,938	204,440	192,200
Total Capital Expenditure - Vote	73,138	86,926	122,235	150,941	191,854	93,402	64,975	163,938	204,440	192,200
Capital Expenditure - Standard										
<i>Governance and administration</i>	1,515	15,200	4,836	4,776	2,865	4,714	3,343	8,579	22,388	10,149
Executive and council	506	17	4,324	–	–	4,714	3,343	8,579	22,388	10,149
Budget and treasury office	256	14,320	–	1,141	80	–	–	–	–	–
Corporate services	752	863	512	3,635	2,785	–	–	–	–	–

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<i>Community and public safety</i>	6,888	6,779	865	3,080	1,979	-	-	-	-	-
Community and social services	6,888	6,779	865	2,140	1,680	-	-	-	-	-
Sport and recreation	-	-	-	940	299	-	-	-	-	-
<i>Economic and environmental services</i>	37,217	54,668	97,079	113,732	151,766	70,017	49,280	119,854	110,842	110,842
Planning and development	-	1	967	3,450	3,000	1,183	728	1,090	1,950	1,950
Road transport	37,217	54,668	96,112	110,282	148,766	68,834	48,552	118,764	108,892	108,892
Environmental protection	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	27,518	10,280	18,658	27,233	31,874	18,671	12,351	35,505	71,210	71,210
Electricity	27,397	10,280	18,658	23,073	27,854	18,671	12,351	35,505	71,210	71,210
Water	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-
Waste management	121	-	-	4,160	4,020	-	-	-	-	-
<i>Other</i>	-	-	797	2,120	3,370	-	-	-	-	-
Total Capital Expenditure - Standard	73,138	86,926	122,235	150,941	191,854	93,402	64,975	163,938	204,440	192,201
Funded by:										
National Government	25,030	65,152	110,876	111,632	157,816	84,062	58,477	129,263	141,892	153,831
Provincial Government	-	-	-	-	-	-	-	-	-	-
District Municipality	1,211	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	26,241	65,152	110,876	111,632	157,816	84,062	58,477	129,263	141,892	153,831
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	401	-	-	-	-	-	-	-	-	-
Internally generated funds	46,496	21,775	11,359	39,309	34,038	9,340	6,498	34,675	62,548	38,370
Total Capital Funding	73,138	86,926	122,235	150,941	191,854	93,402	64,975	163,938	204,440	192,201

1.7 Annual budget tables

The following tables are the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations (MBRR). These tables set out the municipality's 2015/2016 budget and MTREF as approved by the Council.

Table 7 MBRR Table A1-Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Financial Performance</u>										
Property rates	26,434	28,077	28,523	35,311	41,666	38,088	24,854	43,642	46,693	49,119
Service charges	222,598	216,004	238,203	264,129	266,736	213,750	139,413	298,585	334,506	374,586
Investment revenue	1,955	1,341	1,955	1,734	3,136	2,500	1,608	3,285	3,515	3,697
Transfers recognised - operational	218,485	241,136	263,138	291,305	291,305	282,399	209,739	363,596	368,360	366,556
Other own revenue	45,396	41,795	48,467	63,743	43,983	17,272	15,065	42,483	50,745	52,937
Total Revenue (excluding capital transfers and contributions)	514,869	528,354	580,286	656,222	646,827	554,009	390,679	751,591	803,818	846,895
Employee costs	171,739	199,383	201,866	228,090	229,757	198,742	131,638	241,177	254,442	267,928
Remuneration of councillors	16,254	18,470	20,782	20,675	21,705	18,416	12,103	22,610	23,944	25,285
Depreciation & asset impairment	349,426	112,670	123,074	145,015	145,015	–	–	153,426	161,865	170,444
Finance charges	4,812	9,025	10,302	5,859	5,901	1,261	939	6,181	6,613	6,957
Materials and bulk purchases	141,762	156,721	157,754	188,227	189,898	114,237	83,538	216,939	247,831	283,122
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	229,591	152,876	175,473	158,402	172,390	101,147	65,012	194,796	198,013	208,766
Total Expenditure	913,584	649,145	689,249	746,269	764,667	433,803	293,229	835,130	892,708	962,501
Surplus/(Deficit)	(398,715)	(120,791)	(108,964)	(90,047)	(117,840)	120,206	97,451	(83,539)	(88,889)	(115,606)
Transfers recognised - capital							–			

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Contributions recognised - capital & contributed assets	37,122	69,397	109,578	114,087	158,872	80,453		129,264	136,892	143,831
	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(361,593)	(51,394)	614	24,040	41,032	200,659	97,451	45,725	48,003	28,225
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(361,593)	(51,394)	614	24,040	41,032	200,659	97,451	45,725	48,003	28,225
Capital expenditure & funds sources										
Capital expenditure	73,138	86,926	122,235	150,941	191,854	93,402	64,975	163,938	204,440	192,201
Transfers recognised - capital	26,241	65,152	110,876	111,632	157,816	84,062	58,477	129,263	141,892	153,831
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	401	-	-	-	-	-	-	-	-	-
Internally generated funds	46,496	21,775	11,359	39,309	34,038	9,340	6,498	34,675	62,548	38,370
Total sources of capital funds	73,138	86,926	122,235	150,941	191,854	93,402	64,975	163,938	204,440	192,201
Financial position										
Total current assets	355,567	186,060	221,673	263,101	246,213	2,357,255	216,063	234,208	251,580	267,288
Total non current assets	2,095,045	1,856,692	1,802,356	1,951,806	1,998,396	21,721,677	1,867,331	2,063,762	2,169,548	2,257,108
Total current liabilities	146,709	180,241	190,455	39,416	117,808	1,374,538	152,997	105,972	105,310	108,638
Total non current liabilities	49,005	102,513	108,977	41,690	41,690	1,320,686	109,498	117,624	124,094	130,670
Community wealth/Equity	2,255,884	1,724,991	1,725,650	2,133,749	1,982,560	20,914,617	1,823,661	2,074,373	2,191,725	2,285,088
Cash flows										
Net cash from (used) operating	(255,747)	331,494	152,272	154,939	172,299	657,307	69,323	173,153	205,418	199,779
Net cash from (used) investing		-	-							



	74,564			(150,491)	(181,554)	(93,402)	(64,975)	(163,938)	(204,440)	(192,200)
Net cash from (used) financing	(20,252)	(5,782)	(5,709)	(1,800)	21,432	255,961	(1,678)	(1,800)	(1,900)	(2,000)
Cash/cash equivalents at the year end	(203,892)	328,023	156,762	7,648	17,176	871,876	54,680	12,415	11,493	17,072
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	2,310	10,198	52,010	15,846	10,846	501,955	55,240	55,027	58,053	61,130
Application of cash and investments	121,753	132,274	137,197	(75,398)	1,394	2,134,768	124,278	52,194	45,028	42,662
Balance - surplus (shortfall)	(119,443)	(122,076)	(85,187)	91,244	9,452	(1,632,813)	(69,038)	2,833	13,025	18,468
<u>Asset management</u>										
Asset register summary (WDV)	2,095,045	1,856,692	1,802,356	1,951,806	54,145	151,182	2,063,762	2,063,762	2,169,548	2,257,108
Depreciation & asset impairment	349,426	112,670	123,074	145,015	145,015	–	153,426	153,426	161,865	170,444
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	–	–	–	–	24,070	–	44,668	44,668	37,842	39,517
<u>Free services</u>										
Cost of Free Basic Services provided	7,143	7,143	7,726	7,730	7,730	7,730	7,735	7,735	7,735	7,735
Revenue cost of free services provided	13,834	14,650	15,456	–	–	–	–	–	–	–
<u>Households below minimum service level</u>										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	49	49	49	50	50	50	51	51	51	51

Explanatory notes to MBRR Table A1 - Budget Summary

- 1.1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- 1.2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- 1.3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a) The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b) Capital expenditure is balanced by capital funding sources, of which:
 - Transfers recognised is reflected on the Financial Performance Budget;
 - Internally generated funds are financed from a combination of the current operating surplus and other reserves. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
- 1.4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the municipality continues to provide free basic services to the indigent households

Table 8 MBRR Table A2-Budgeted Financial Performance (Revenue and Expenditure by standard classification)

[illegible]



		401	1,155	460	442	364	265	385	406	427
Total Revenue - Standard	2	551,991	597,751	689,863	770,309	805,699	634,462	880,855	940,710	990,726
<u>Expenditure - Standard</u>	-									
<i>Governance and administration</i>		683,544	426,182	428,629	451,371	485,020	258,302	519,626	541,296	569,492
Executive and council		141,969	26,505	9,019	21,554	14,207	8,426	21,534	22,748	23,922
Budget and treasury office		360,093	189,374	190,870	182,379	209,166	18,583	220,320	225,498	236,989
Corporate services		181,481	210,303	228,740	247,438	261,646	231,293	277,772	293,050	308,581
<i>Community and public safety</i>		14,821	20,306	18,616	22,549	20,622	16,383	21,818	23,018	24,238
Community and social services		14,814	20,306	18,616	22,549	20,622	16,383	21,818	23,018	24,238
Sport and recreation		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	1,046	863	459	206	(93)	2,275	1,995	2,916
Planning and development		-	1,046	863	459	206	(93)	2,275	1,995	2,916
<i>Trading services</i>		118,765	164,750	191,418	220,857	205,281	121,013	232,766	264,528	300,704
Electricity		145,266	162,590	162,215	212,708	196,556	118,330	229,506	261,090	297,084
Water		(26,540)	967	26,742	5,634	5,644	-	-	-	-
Waste water management		39	8	-	16	56	-	59	62	66
Waste management		-	1,185	2,461	2,500	3,025	2,682	3,200	3,376	3,555
<i>Other</i>	4	96,455	36,860	49,722	51,031	53,539	38,198	58,646	61,872	65,151
Total Expenditure - Standard	3	913,584	649,145	689,249	746,269	764,667	433,803	835,130	892,708	962,501
Surplus/(Deficit) for the year		(361,593)	(51,394)	614	24,040	41,032	200,659	45,725	48,003	28,225

Table 9 MBRR Table A3-Budgeted Financial Performance (Revenue and Expenditure by municipal vote)

Vote Description R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		250,162	298,984	353,146	393,945	440,681	351,335	468,605	485,863	490,454
Vote 2 - WASTE MANAGEMENT		5,280	5,472	6,088	6,081	6,177	5,088	6,677	5,636	5,935
Vote 3 - ROAD TRANSPORT		14,414	16,214	16,820	17,390	12,303	9,994	13,017	13,733	14,461
Vote 4 - WATER		–	–	–	–	–	–	–	–	–
Vote 5 - ELECTRICITY		220,108	218,835	247,402	271,361	264,456	216,056	305,866	344,108	383,649
Vote 6 - CORPORATE SERVICES		26,678	26,638	26,699	28,161	47,326	38,888	50,070	52,824	55,624
Vote 7 - PLANNING AND DEVELOPMENT		103	368	3,378	426	464	307	491	518	545
Vote 8 - COMMUNITY AND SOCIAL SERVICES		81	103	107	109	87	54	92	97	102
Vote 9 - HOUSING		166	47	305	55	53	42	56	59	62
Vote 10 - OTHER		203	220	–	–	–	–	–	–	–
Vote 11 - SPORTS AND RECREATION		98	28	78	68	79	55	84	89	93
Vote 12 - BUDGET AND TREASURY		34,698	30,842	35,841	52,715	34,072	15,109	35,897	37,784	39,801
Total Revenue by Vote	2	551,991	597,751	689,864	770,309	805,699	636,927	880,855	940,710	990,726
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE AND COUNCIL		192,465	110,813	137,229	91,976	105,753	73,649	105,772	104,680	109,735
Vote 2 - WASTE MANAGEMENT		1,066	3,782	14,434	12,147	21,394	17,257	22,635	23,880	25,146
Vote 3 - ROAD TRANSPORT		18,221	21,098	22,803	24,111	23,846	20,749	25,229	26,616	28,027
Vote 4 - WATER		919	1,548	1,214	31,783	18,034	15,991	19,080	20,129	21,196
Vote 5 - ELECTRICITY		171,977	192,596	194,879	234,969	236,319	149,965	270,815	304,670	342,974
Vote 6 - CORPORATE SERVICES		36,690	38,925	34,480	40,706	36,639	29,458	39,431	41,600	43,805
Vote 7 - PLANNING AND DEVELOPMENT		17,997	26,563	44,023	42,444	45,178	36,226	50,337	52,701	56,309
Vote 8 - COMMUNITY AND SOCIAL SERVICES		14,168	15,807	8,186	12,178	7,074	5,672	7,487	7,899	8,317
Vote 9 - HOUSING		7	–	–	–	–	–	–	–	–
Vote 10 - OTHER		21,106	13,354	16,964	19,627	24,478	17,545	27,395	28,901	30,433
Vote 11 - SPORTS AND RECREATION		8,604	8,603	12,121	10,343	16,666	14,568	17,632	18,602	19,588
Vote 12 - BUDGET AND TREASURY		430,366	216,056	202,916	225,984	229,287	52,723	249,317	263,030	276,971
Total Expenditure by Vote	2	913,584	649,145	689,249	746,269	764,667	433,803	835,130	892,708	962,501
Surplus/(Deficit) for the year	2	(361,594)	(51,394)	615	24,040	41,032	203,124	45,725	48,003	28,225

Table 10 MBRR Table A3-Budgeted Financial Performance (Revenue and Expenditure)[illegible]

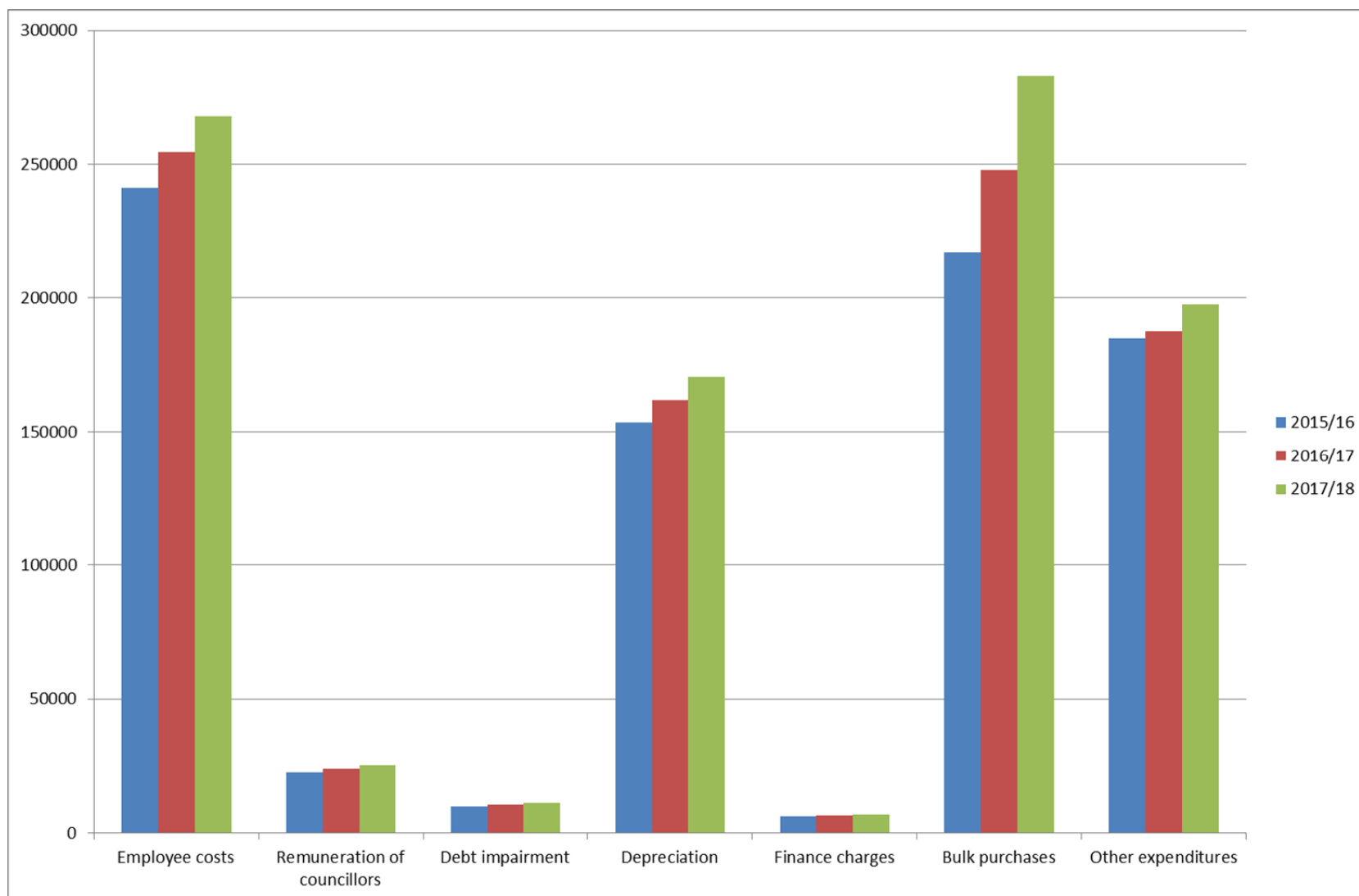
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Expenditure By Type	-										
Employee related costs	2	171,739	199,383	201,866	228,090	229,757	198,742	131,638	241,177	254,442	267,928
Remuneration of councillors		16,254	18,470	20,782	20,675	21,705	18,416	12,103	22,610	23,944	25,285
Debt impairment	3	40,022	40,624	12,894	20,000	20,000	-	-	10,000	10,550	11,109
Depreciation & asset impairment	2	349,426	112,670	123,074	145,015	145,015	-	-	153,426	161,865	170,444
Finance charges		4,812	9,025	10,302	5,859	5,901	1,261	939	6,181	6,613	6,957
Bulk purchases	2	141,762	156,721	157,754	188,227	189,898	114,237	83,538	216,939	247,831	283,122
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		-	-	-	-	-	-	-	-	-	-
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	189,568	112,252	162,579	138,402	152,390	101,147	65,012	184,796	187,463	197,657
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		913,584	649,145	689,249	746,269	764,667	433,803	293,229	835,130	892,708	962,501
Surplus/(Deficit)		(398,715)	(120,791)	(108,964)	(90,047)	(117,840)	120,206	97,451	(83,539)	(88,889)	(115,606)
Transfers recognised - capital		37,122	69,397	109,578	114,087	158,872	80,453	-	129,264	136,892	143,831
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(361,593)	(51,394)	614	24,040	41,032	200,659	97,451	45,725	48,003	28,225
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(361,593)	(51,394)	614	24,040	41,032	200,659	97,451	45,725	48,003	28,225
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(361,593)	(51,394)	614	24,040	41,032	200,659	97,451	45,725	48,003	28,225
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		(361,593)	(51,394)	614	24,040	41,032	200,659	97,451	45,725	48,003	28,225

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

- a) Total revenue is R752 million in 2015/16 and escalates to R847 million by 2017/18. This represents a year-on-year increase of 6.9 per cent for the 2016/17 financial year and 13.5 per cent for the 2017/18 financial year.
- b) Revenue to be generated from property rates is R44 million in the 2015/16 financial year and increases to R 49 million by 2017/18 which represents 5.8 per cent of the operating revenue base of the municipality and therefore remains a significant funding source for the municipality.
- c) Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R 299 million for the 2015/16 financial year and increasing to R373 million by 2017/18. For the 2015/16 financial year services charges amount to 40 per cent of the total revenue base and grows by 12 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and refuse removal.
- d) Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
- e) **The following graph illustrates the trends of the budgeted major expenditure items per type for the next three financial years:**





Expenditure by major type

1. Bulk purchases have significantly increased over the 2015/16 to 2017/18 period escalating from R142 million to R283 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
2. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 11 MBRR Table A5-Budgeted Capital Expenditure by vote, standard classification and funding source:

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Capital expenditure - Vote</u>	2										
<u>Multi-year expenditure to be appropriated</u>											
Vote 1 - EXECUTIVE AND COUNCIL		39,736	54,685	100,436	106,872	148,766	69,066	48,726	107,656	153,694	137,424
Vote 2 - WASTE MANAGEMENT		–	–	–	4,660	4,020	3,062	2,296	5,300	6,000	6,400
Vote 3 - ROAD TRANSPORT		–	–	–	2,145	1,039	172	3	1,430	1,473	1,456
Vote 5 - ELECTRICITY		29,046	10,280	18,658	23,189	27,954	18,671	12,352	21,383	32,909	35,335
Vote 6 - CORPORATE SERVICES		2,768	863	512	3,665	2,785	603	258	4,500	4,635	4,774
Vote 7 - PLANNING AND DEVELOPMENT		1,571	1	967	3,300	3,000	1,183	728	2,575	2,729	2,811
Vote 8 - COMMUNITY AND SOCIAL SERVICES		–	6,779	865	–	–	–	–	–	–	–
Vote 10 - OTHER		17	0	797	5,970	3,270	133	99	7,100	3,000	4,000
Vote 11 - SPORTS AND RECREATION		–	–	–	940	940	399	299	–	–	–
Vote 12 - BUDGET AND TREASURY		–	14,320	–	200	80	113	213	13,994	–	–
Total Capital Expenditure - Vote	7	73,138	86,926	122,235	150,941	191,854	93,402	64,975	163,938	204,440	192,200
<u>Capital Expenditure - Standard</u>											
<i>Governance and administration</i>		1,515	15,200	4,836	4,776	2,865	4,714	3,343	8,579	22,388	10,149
Executive and council		506	17	4,324	–	–	4,714	3,343	8,579	22,388	10,149
Budget and treasury office		256	14,320	–	1,141	80	–	–	–	–	–
Corporate services		752	863	512	3,635	2,785	–	–	–	–	–
<i>Community and public safety</i>		6,888	6,779	865	3,080	1,979	–	–	–	–	–
Community and social services		6,888	6,779	865	2,140	1,680	–	–	–	–	–

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Sport and recreation		-	-	-	940	299	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		37,217	54,668	97,079	113,732	151,766	70,017	49,280	119,854	110,842	110,842
Planning and development		-	1	967	3,450	3,000	1,183	728	1,090	1,950	1,950
Road transport		37,217	54,668	96,112	110,282	148,766	68,834	48,552	118,764	108,892	108,892
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		27,518	10,280	18,658	27,233	31,874	18,671	12,351	35,505	71,210	71,210
Electricity		27,397	10,280	18,658	23,073	27,854	18,671	12,351	35,505	71,210	71,210
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		121	-	-	4,160	4,020	-	-	-	-	-
<i>Other</i>		-	-	797	2,120	3,370	-	-	-	-	-
Total Capital Expenditure - Standard	3	73,138	86,926	122,235	150,941	191,854	93,402	64,975	163,938	204,440	192,201
<u>Funded by:</u>											
National Government		25,030	65,152	110,876	111,632	157,816	84,062	58,477	129,263	141,892	153,831
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		1,211	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	26,241	65,152	110,876	111,632	157,816	84,062	58,477	129,263	141,892	153,831
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	401	-	-	-	-	-	-	-	-	-
Internally generated funds		46,496	21,775	11,359	39,309	34,038	9,340	6,498	34,675	62,548	38,370
Total Capital Funding	7	73,138	86,926	122,235	150,941	191,854	93,402	64,975	163,938	204,440	192,201

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source:

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2015/16 R 164 million has been allocated which constitutes the total budgeted capital expenditure.
3. The capital programme is funded from capital and provincial grants and transfers, and internally generated funds from current year surpluses. For 2015/16, capital transfers totals R 129 million and escalates to R154 million by 2017/18. Internally generated funding totals R35 million, R63 million and R38 million for each of the respective financial years of the MTREF.

Table 12 MBRR Table A6-Budgeted Financial Position:[illegible]



Total non current assets		2,095,045	1,856,692	1,802,356	1,951,806	1,998,396	21,721,677	1,867,331	2,063,762	2,169,548	2,257,108
TOTAL ASSETS		2,450,612	2,042,751	2,024,030	2,214,907	2,244,609	24,078,932	2,083,393	2,297,969	2,421,129	2,524,396
LIABILITIES											
Current liabilities	-										
Bank overdraft	1	2,016	-	-	-	-	-	-	-	-	-
Borrowing	4	4,704	6,514	3,405	923	923	14,475	1,206	1,276	1,346	1,418
Consumer deposits		-	-	-	-	-	-	-	-	-	-
Trade and other payables	4	139,988	173,679	186,998	38,493	116,834	1,359,452	151,740	104,642	103,907	107,160
Provisions		1	48	51	-	51	612	51	54	57	60
Total current liabilities		146,709	180,241	190,455	39,416	117,808	1,374,538	152,997	105,972	105,310	108,638
Non current liabilities											
Borrowing		31,276	23,684	21,084	20,509	20,509	265,976	21,605	24,634	25,989	27,366
Provisions		17,729	78,829	87,892	21,181	21,181	1,054,710	87,892	92,990	98,105	103,304
Total non current liabilities		49,005	102,513	108,977	41,690	41,690	1,320,686	109,498	117,624	124,094	130,670
TOTAL LIABILITIES		195,713	282,754	299,432	81,106	159,498	2,695,224	262,495	223,596	229,404	239,308
NET ASSETS	5	2,254,898	1,759,997	1,724,598	2,133,800	2,085,110	21,383,708	1,820,899	2,074,373	2,191,725	2,285,088
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		708,715	623,745	624,404	1,032,503	881,314	7,699,664	722,415	909,255	962,525	990,740
Reserves	4	1,547,169	1,101,246	1,101,246	1,101,246	1,101,246	13,214,954	1,101,246	1,165,118	1,229,200	1,294,348
Minorities' interests		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	2,255,884	1,724,991	1,725,650	2,133,749	1,982,560	20,914,617	1,823,661	2,074,373	2,191,725	2,285,088

Explanatory notes to Table A6 - Budgeted Financial Position:

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 12 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 13 MBRR Table A7-Budgeted Cash Flow Statement:

[illegible]

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Decrease (Increase) in non-current debtors		-	-	-	-	10,301	(651)	(488)	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		74,564	-	-	(150,491)	(191,855)	(92,751)	(64,486)	(163,938)	(204,440)	(192,200)
NET CASH FROM/(USED) INVESTING ACTIVITIES		74,564	-	-	(150,491)	(181,554)	(93,402)	(64,975)	(163,938)	(204,440)	(192,200)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		31	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	1,810	-	-	21,432	255,961	521	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(20,283)	(7,592)	(5,709)	(1,800)	-	-	(2,199)	(1,800)	(1,900)	(2,000)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(20,252)	(5,782)	(5,709)	(1,800)	21,432	255,961	(1,678)	(1,800)	(1,900)	(2,000)
NET INCREASE/ (DECREASE) IN CASH HELD		(201,436)	325,713	146,564	2,648	12,176	819,866	2,670	7,415	(922)	5,579
Cash/cash equivalents at the year begin:	2	(2,456)	2,310	10,198	5,000	5,000	52,010	52,010	5,000	12,415	11,493
Cash/cash equivalents at the year end:	2	(203,892)	328,023	156,762	7,648	17,176	871,876	54,680	12,415	11,493	17,072



Table 14 MBRR Table A8- Cash Backed Reserves/Accumulated Surplus Reconciliation:

Description R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash and investments available											
Cash/cash equivalents at the year end	1	(203,892)	328,023	156,762	7,648	17,176	871,876	54,680	12,415	11,493	17,072
Other current investments > 90 days		206,202	(317,825)	(104,752)	8,197	(6,330)	(369,921)	560	42,612	46,560	44,058
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		2,310	10,198	52,010	15,846	10,846	501,955	55,240	55,027	58,053	61,130
Application of cash and investments											
Unspent conditional transfers		36,130	42,149	48,099	5,497	5,497	730,592	94,119	21,500	23,000	24,000
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	85,623	90,125	89,098	(80,895)	(4,102)	1,404,176	30,159	30,694	22,028	18,662
Other provisions		–	–	–	–	–	–	–	–	–	–
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		121,753	132,274	137,197	(75,398)	1,394	2,134,768	124,278	52,194	45,028	42,662
Surplus(shortfall)		(119,443)	(122,076)	(85,187)	91,244	9,452	(1,632,813)	(69,038)	2,833	13,025	18,468

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the municipality slightly increased over the 2015/16 to 2017/18 period owing directly to a net increase in cash over the years.
4. Cash and cash equivalents totals R12.4 million as at the end of the 2015/16 financial year and escalates to R17 million by 2017/18.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2015/2016 to 2017/2018 the municipality budgeted for the surpluses for R 3 million, R 13 million and R 18 million over the financial years.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2015/16 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 15 MBRR Table A9- Asset Management:

[illegible]



Infrastructure	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-
Total Capital Expenditure	4								
Infrastructure - Road transport		37,217	54,667	73,325	110,282	149,021	69,485	111,509	129,345
Infrastructure - Electricity		27,398	10,279	16,540	23,073	27,241	18,020	43,505	71,210
Infrastructure - Water		-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-
Infrastructure		64,615	64,946	89,865	133,355	176,262	87,505	155,014	200,555
Community		-	-	-	-	10,712	4,714	1,924	885
Heritage assets		-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-
Other assets		8,523	21,980	32,370	17,586	4,880	1,183	7,000	3,000
Agricultural Assets		-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	73,138	86,926	122,235	150,941	191,854	93,402	163,938	204,440
ASSET REGISTER SUMMARY - PPE (WDV)	5								
Infrastructure - Road transport		745,576	741,613	745,488	745,488		781,271	818,772	858,073



Infrastructure - Electricity		659,222	626,976	595,929	595,929			624,533	654,510	685,927
Infrastructure - Water		-	-	-	-			-	-	-
Infrastructure - Sanitation		-	-	-	-			-	-	-
Infrastructure - Other		-	-	-	-			-	-	-
Infrastructure		1,404,799	1,368,589	1,341,417	1,341,417	-	-	1,405,804	1,473,282	1,544,000
Community		26,669	31,793	22,238	22,238			23,305	24,424	25,596
Heritage assets		521	521	1,052	1,052			1,052	1,052	1,052
Investment properties		104,439	48,297	12,054	52,491	53,819	144,650	12,753	13,455	14,168
Other assets		558,422	406,645	425,050	534,282			620,271	656,728	671,653
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		195	847	544	326	326	6,532	576	608	640
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	2,095,045	1,856,692	1,802,356	1,951,806	54,145	151,182	2,063,762	2,169,548	2,257,108
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>		349,426	112,670	123,074	145,015	145,015	-	153,426	161,865	170,444
<u>Repairs and Maintenance by Asset Class</u>	3	-	-	-	-	24,070	-	44,668	37,842	39,517
Infrastructure - Road transport		-	-	-	-	1,688	-	9,858	1,392	1,400
Infrastructure - Electricity		-	-	-	-	10,104	-	20,580	21,437	22,308
Infrastructure - Water		-	-	-	-	91	-	96	102	107
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	11,883	-	30,534	22,931	23,815
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6,	-	-	-	-	12,187	-	14,134	14,911	15,702



	7									
TOTAL EXPENDITURE OTHER ITEMS		349,426	112,670	123,074	145,015	169,085	-	198,095	199,707	209,960
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&M as a % of PPE</i>		0.0%	0.0%	0.0%	0.0%	1.2%	0.0%	2.2%	1.8%	1.8%
<i>Renewal and R&M as a % of PPE</i>		0.0%	0.0%	0.0%	0.0%	44.0%	0.0%	2.0%	2.0%	2.0%

Table 16 MBRR Table A10- Basic Service Delivery Measurement

[illegible]



Other toilet provisions (< min.service level)									
No toilet provisions									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-
<u>Energy:</u>									
Electricity (at least min.service level)		14,000	14,000	15,000	15,000	15,000	15,000	16,000	16,000
Electricity - prepaid (min.service level)									
<i>Minimum Service Level and Above sub-total</i>		14,000	14,000	15,000	15,000	15,000	15,000	16,000	16,000
Electricity (< min.service level)									
Electricity - prepaid (< min. service level)									
Other energy sources									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	5	14,000	14,000	15,000	15,000	15,000	15,000	16,000	16,000
<u>Refuse:</u>									
Removed at least once a week		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
<i>Minimum Service Level and Above sub-total</i>		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Removed less frequently than once a week		10,000	10,000	10,000	11,000	11,000	11,000	12,000	12,000
Using communal refuse dump		3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Using own refuse dump		33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
Other rubbish disposal		3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
No rubbish disposal									
<i>Below Minimum Service Level sub-total</i>		49,000	49,000	49,000	50,000	50,000	50,000	51,000	51,000
Total number of households	5	51,000	51,000	51,000	52,000	52,000	52,000	53,000	53,000

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<u>Households receiving Free Basic Service</u>	7									
Water (6 kilolitres per household per month)		1,834	1,834	1,836	1,836	1,836	1,836	1,900	1,900	1,900
Sanitation (free minimum level service)		854	854	923	930	930	930	980	980	980
Electricity/other energy (50kwh per household per month)		7,143	7,143	7,726	7,730	7,730	7,730	7,750	7,750	7,750
Refuse (removed at least once a week)										
<u>Cost of Free Basic Services provided (R'000)</u>	8									
Water (6 kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free sanitation service)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)		7,143	7,143	7,726	7,730	7,730	7,730	7,735	7,735	7,735
Refuse (removed once a week)										
Total cost of FBS provided (minimum social package)		7,143	7,143	7,726	7,730	7,730	7,730	7,735	7,735	7,735
<u>Highest level of free service provided</u>										
Property rates (R value threshold)										
Water (kilolitres per household per month)		6			6	6	6	6	6	6
Sanitation (kilolitres per household per month)		–	–	–	–	–	–			
Sanitation (Rand per household per month)		–	–	–	–	–	–			
Electricity (kwh per household per month)					50	50	50	50	50	50
Refuse (average litres per week)		–	–	–	–	–	–			
<u>Revenue cost of free services provided (R'000)</u>	9									
Property rates (R15 000 threshold rebate)		5,885	6,232	6,575						
Property rates (other exemptions, reductions and rebates)										
Water										



Sanitation	6	7,949	8,418	8,881						
Electricity/other energy										
Refuse										
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of free services provided (total social package)		13,834	14,650	15,456	-	-	-	-	-	-

2. SUPPORTING DOCUMENTATION

2.1. Budget Process Overview

2.1.1. Schedule of key deadlines relating to budget process (MFMA s21(1)(b))

A budget time-table (Schedule of key deadlines) relating to budget process (MFMA s21 (1) (b)) was compiled and submitted to the Council of Makhado Municipality. The Council took notice of it and emphasised the adherence to it.

2.1.2. Stakeholders

Stakeholders who attended the IDP Steering Committee meetings and that were attending Representative Forum meetings were from all over the Municipality.

2.1.3. Process for tabling the budget in council for consultation

The IDP and Budget for 2015/2016 were discussed during community meetings that were held at various places. The IDP and Budget documents were open for perusal. These meetings were published in local newspapers, notice boards of the municipal offices and libraries.

2.1.4. Process for tabling the budget in council for consideration of approval

The final budget was tabled to the Council to consider approval in terms of the MFMA during an ordinary meeting of the Council scheduled for 28th May 2015.

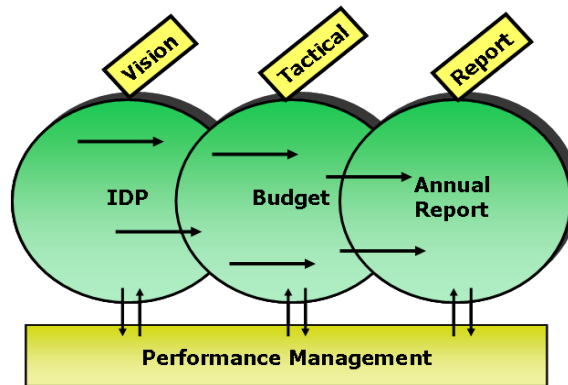
2.1.5. Models used for prioritising resource allocation

The Representative Forum communicated the needs and demands of the community to the meeting. The available funding for capital projects was obtained from the Division of Revenue Act and the Finance Department. Meetings were held by the different departments and the projects as reflected in the IDP were prioritised according to the framework, where possible.

2.1.6. Process to record and integrate inputs from the community in the final budget

The requests / comments that were received from the community were integrated into IDP and Budget document before the final approval by the Council.

2.2. Overview of alignment of budget with Integrated Development



Plan

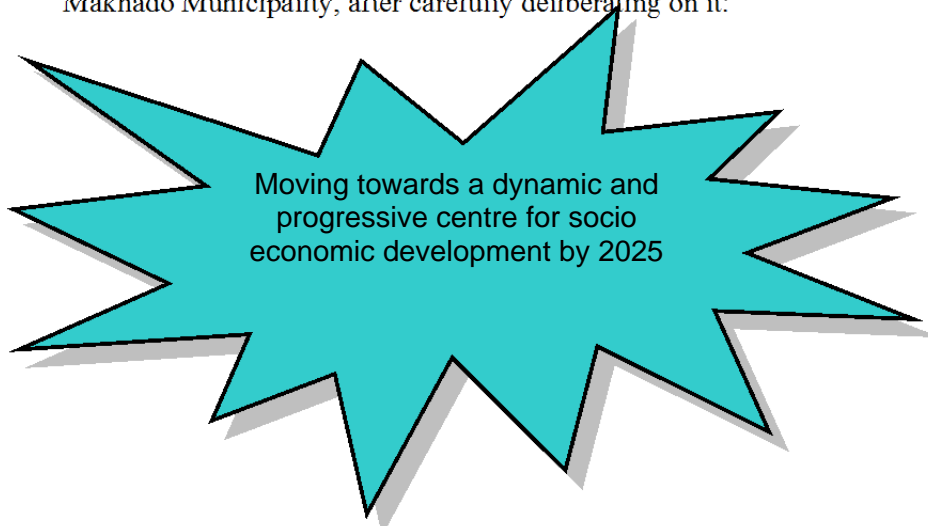
The above illustration clearly indicates that the IDP informs the budget and that the IDP as well as the budget informs the Annual Report. The vision of the council informs the strategies that will have to be put in place to give effect to the objectives of council and the tactical part, which is the budget, is the document that will indicate the availability of the funds to deliver the projects and simultaneously the service delivery to the community. The ultimate results will be the performance of the Council

2.2.1. Review of the Integrated Development Plan

The current Draft IDP to be adopted by the Council is a product of the newly elected Council and will be applicable for the same term of office as Council.

2.2.1.1. Vision for the municipality

The Representative Forum adopted the following vision as the vision of the Makhado Municipality, after carefully deliberating on it:





2.2.2. Strategic focus areas

Development priorities and objectives are clustered in respect to the following key performance areas:

- ❖ Infrastructure and service – Infrastructure services including water, sanitation, solid waste, electricity, roads and storm water and support services including transport, health, libraries, emergency services, housing, etc. in so far as these are applicable to municipalities.
- ❖ Social and local economic development.
- ❖ Financial viability and management.
- ❖ Democratic governance.
- ❖ Sustainability.
- ❖ Institutional transformation.

The above performance areas are based on the following developmental outcomes:

- ❖ Provision of household infrastructure and service.
- ❖ Creation of liveable, integrated towns and rural areas.
- ❖ Local economic development.
- ❖ Community empowerment and redistribution.

2.2.3. Long-term and short term goals or outcomes for the community

Long term goals and short term goals or outcomes identified can be defined as contributory to the building of a sustainable municipality. These goals need to be implemented within the next 5 years. Detail of these goals can be read in the IDP document available on separate report submitted to Council.

2.2.4. Consultative process undertaken to review the IDP

The members of the Representative Forum of the IDP were held meetings with their respective wards and request were brought for evaluation and incorporation into final document.



2.2.5. Service delivery and funding of housing and health services

2.2.5.1. Environmental Health

Municipal Health Services are defined as all functions falling under Environmental Health Services (excluding port health, malaria and control of hazardous substances). The aforementioned functions have been allocated to the District Municipality.

2.2.5.2. Housing

Housing is a National function. The District and Local Municipalities are the implementing agencies and responsible for the management of rental and hostel units.

2.2.6. **Tables showing the link between the IDP and Budget (The linkage between the IDP and Budget will be clearly be defined in the supporting Table SA4 – SA6)**

Table 17 MBRR Table SA4- Reconciliation of IDP and Budget (Revenue):

Strategic Objective	Goal	Goal Code	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
Sound Financial Management and Viability	To increase revenue collection by ensuring effective implementation of revenue enhancement strategy. Strengthening cash flow management, effective records management and implementation of effective internal controls. Public awareness and enforcement of credit control policy.	Budget and Treasury	514,869	528,354	580,286	656,222	646,827	556,474	751,592	803,818	846,896
Allocations to other priorities											
Total Revenue (excluding capital transfers and contributions)			514,869	528,354	580,286	656,222	646,827	556,474	751,592	803,818	846,896

Table 18 MBRR Table SA5- Reconciliation of IDP and Budget (Operating Expenditure):

Strategic Objective	Goal	Goal Code	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
Sound Financial Management and Viability	Enhancement of adequate financial skills. Strengthen cash flow management. Ensure effective records management systems. Effective implementation of internal controls systems and awareness. Cash flow informing project prioritisation and forward planning. Assessment and evaluation of identified projects.	Budget and Treasury	913,584	649,145	689,249	764,269	764,667	433,803	835,130	892,708	962,501
Allocations to other priorities											
Total Expenditure			913,584	649,145	689,249	764,269	764,667	433,803	835,130	892,708	962,501

Table 19 MBRR Table SA6- Reconciliation of IDP Strategic Objectives and Budget (Capital Expenditure):

Strategic Objective R thousand	Goal	Goal Code	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Protection Services	Promote Community and Environmental Welfare	A	–	–	–	–	–	–	–	–	–
Liabrary Services	Promote Community and Environmental Welfare	B	–	–	–	–	–	–	1,000	4,500	100
Waste Management	Promote Community and Environmental Welfare	C	–	–	–	4,160	4,020	–	9,000	3,000	200
Parks and Recreation	Promote Community and Environmental Welfare	D	–	–	–	940	299	–	1,500	–	4,000
Electricity Provision	Accessible basic and infrustructure services	F	–	–	–	23,073	27,855	18,671	32,951	72,448	56,510
Roads,Bridges and Storm Water	Accessible basic and infrustructure services	G		–	–	110,282	148,766	68,834	103,471	98,667	54,831
Sports Facilities	Accessible basic and infrustructure services	H	–	–	–	–	–	–	3,793	16,070	30,000



Provision of High Mast Light	Accessible basic and infrastructure services	I							–	–	39,000
Town Planning Services	advance Spatial Planning	L	–	–	–	3,450	3,000	1,183	50	55	60
Local Economic Development	Invest in Local Economy	M							–	3,000	–
Other		N	–	–	–	9,036	7,815	4,063	12,173	6,700	7,499
Allocations to other priorities											
Total Capital Expenditure			–	–	–	150,941	191,755	92,751	163,938	204,440	192,200

2.3. Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

Table 20 MBRR Table SA7- Measurable performance objectives:

Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Technical Services Department										
Electrical										
Electrification of households										
<i>New electricity connections</i>	Number of connections				7,000	17,224		23,000	52,700	36,800
<i>Repairs of electrical infrastructure</i>	Rand value spent on maintenance				16,723	10,564		9,951	19,748	19,710
Roads, Bridges and Storm Water										
<i>Roads construction</i>	Number kilometers				104,432	149,876		99,774	102,160	92,431
<i>Roads maintenance</i>	Rand value spent							9,858	1,362	1,400
Building and control										
<i>Building maintenance</i>	Rand value spent on maintenance				3,895	1,921		1,000	1,350	750
Sports facilities										
<i>Upgrading of sports facilities</i>	Rand value spent on upgrading							3,742	16,070	30,000
Corporate Services Department										
<i>Information Technology</i>	Upgrading of the IT Network				2,280	1,300		930	400	-
<i>Provision of office furniture</i>	Rand value spent				1,365	1,485		200	200	200
Budget and Treasury										
<i>Capital budget</i>	% capital budget spent									
<i>Fleet management</i>	Purchase of municipal vehicles							7,000	3,000	3,000
Planning and Development										
<i>Building maintenance</i>	Rand value spent on maintenance							260	55	60
<i>Town planning</i>	Rand value spent on town planning							69	-	-
<i>Local economic development</i>	Rand value spent on town planning				600	100		-	-	-
<i>Spatial planning and IDP</i>	Rand value spent on town planning				200	-				
Community Services										
Waste Management										
<i>Waste collection</i>	Rand value spent on				3,500	2,860		4,360	4,665	1,700

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	waste management									
<i>Library services</i>	Rand value spent				-	-		1,045	2,750	170
<i>Construction of municipal pound facilities</i>	Rand value spent				530	280				
Parks and recreation										
<i>Parks and recreation services</i>	Rand value spent on repairs and maintenance				940	498		2,049	480	4,540
Traffic and licensing										
<i>Traffic and licensing services</i>	Rand value spent on repairs and maintenance				1,615	900		184	2,000	1,240
Regional Offices										
<i>Repairs and maintenance of regional offices</i>	Rand value spent on repairs and maintenance							1,416	200	200
And so on for the rest of the Votes					8,460	5,446				

The following table sets out the municipalities main performance objectives and benchmarks for the 2015/16 MTREF.

Table 21 MBRR Table SA8- Performance indicators and benchmarks:

Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.7%	2.6%	2.3%	1.0%	0.8%	0.3%	1.1%	1.0%	1.0%	0.9%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	8.5%	5.8%	5.0%	2.1%	1.7%	0.5%	1.7%	2.1%	2.0%	1.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.1%	8.3%	0.0%	0.0%	63.0%	2740.5%	8.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	2.0%	2.2%	1.9%	1.9%	1.9%	2.0%	2.0%	2.1%	2.1%	2.1%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	2.4	1.0	1.2	6.7	2.1	1.7	1.4	2.2	2.4	2.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.4	1.0	1.2	6.7	2.1	1.7	1.4	2.2	2.4	2.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.1	0.3	0.4	0.1	0.4	0.4	0.5	0.6	0.6
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		113.0%	86.2%	102.2%	114.2%	122.3%	-100.7%	106.9%	100.0%	100.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		113.0%	86.2%	102.2%	114.2%	119.0%	-100.5%	107.2%	100.0%	100.0%	100.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	7.0%	13.2%	11.0%	21.3%	19.7%	102.7%	13.3%	9.0%	9.4%	9.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		-60.6%	45.0%	96.7%	660.3%	750.1%	102.8%	153.3%	777.3%	826.6%	574.0%



Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	33.4%	37.7%	34.8%	34.8%	35.5%	35.9%	33.7%	32.1%	31.7%	31.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	36.5%	41.2%	38.4%	37.9%	38.6%	39.2%		34.8%	34.3%	34.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	3.7%	0.0%		5.9%	4.7%	4.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	68.8%	23.0%	23.0%	23.0%	23.3%	0.2%	0.2%	21.2%	21.0%	20.9%
<u>IDP regulation financial viability indicators</u>	-										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	11.7	13.9	13.2	25.0	25.0	25.0	10.6	21.3	22.7	25.0
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	14.4%	28.5%	23.9%	46.6%	41.3%	225.6%	31.6%	19.6%	19.8%	19.3%



Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(5.7)	8.5	4.1	0.2	0.4	28.0	2.6	0.3	0.2	0.3

Explanatory notes on performance indicators and benchmarks

a) *Liquidity*

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2015/16 MTREF the current ratio is 2.2 in the 2015/16 financial year and increased to 2.5 in 2017/2018 financial year. Going forward it will be necessary to maintain these levels.

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2014/15 financial year the ratio was 0.4 and has been increased to 0.5 in 2015/2016 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the municipality.

Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

b) *Creditors Management*

The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 95 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the municipality. The only concern in this regard is Eskom bill in terms of the bulk purchase which the municipality struggles to honour the invoice in time, however the necessary arrangements are made with the power utility for settlement in the future dates agreed upon.

c) *Other Indicators*

The electricity distribution losses have been reduced from 17% in 2012/13 to 15.7% in 2013/2014 financial year. In 2015/2016 to 2017/2018 financial years the municipality envisage the reduced percentages by intruding meter auditing through the initiatives of the Development Bank of South Africa to ensure the 100% billings on all municipal meter

- d) Employee costs as a percentage of operating revenue is steady over the MTREF at 32%.
- e) In line with Circular No. 75, the municipality has for the first time provided adequately for repairs and maintenance as is evidenced by the increase from 0.00% to 5.9% in the 2015/16 financial year. Though the provisions for the next financial years are lower, it is expected that more attention will be placed on repairs and maintenance in future.



Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Makhado Local Municipality. Therefore, only registered indigents qualify for the free basic electricity

For the 2015/16 financial year 7 841 registered indigents have been provided for in the budget. Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 16 MBRR A10 (Basic Service Delivery Measurement).

2.4. Overview of budget related policies

The following budget related policies are applicable to Makhado Municipality and were submitted to the Council together with the budget for adoption on the 28th May 2015:

- 2.4.1. Petty Cash
- 2.4.2. Asset Management Policy
- 2.4.3. Borrowing Policy
- 2.4.4. Budget Policy
- 2.4.5. Credit Control and Debt Collection Policy
- 2.4.6. Credit Control and Debt Collection by laws
- 2.4.7. Debt Write Off Policy
- 2.4.8. Expenditure Management Policy
- 2.4.9. Framework for Cash flow Management
- 2.4.10. Funding and Reserves Policy
- 2.4.11. Investment Policy
- 2.4.12. Property Rates Policy
- 2.4.13. Revenue Management Policy
- 2.4.14. Subsidy for Indigent Household Policy
- 2.4.15. Supply Chain Management Policy
- 2.4.16. Tariff Policy Free Basic Services
- 2.4.17. Travel and Subsistence Policy
- 2.4.18. Virement Policy
- 2.4.19. Property Rates By-Law

Copies of these policies are available at the Municipal Offices and are attached hereto as Annexure B



2.5. Overview of budget assumptions

The following factors were taken into consideration and assumptions made when compiling the budget for 2015/2016 to 2017/2018 financial years, in order to compile a meaningful budget that is easy to understand:

- ❖ External factors utilized during the calculation of the estimated revenue:-
 - population;
 - households;
 - employment;
 - health;
 - development of businesses;
 - new residential areas;
- ❖ The current inflation rate and its impact on the municipal activities;
- ❖ Macro-Economic Trends and Growth Rates
- ❖ Interest rates for:
 - borrowing; and
 - investment of funds;
- ❖ Rates, tariffs, charges and timing of revenue collection;
- ❖ Growth or decline in tax base of the municipality;
- ❖ Anticipated price movements on bulk purchases of water and electricity, fuel etc.;
- ❖ Anticipated average salary increases;
- ❖ Demand for the different services;
- ❖ Provision of Free basic services;
- ❖ Grants and subsidies as per Division of Revenue Act;
- ❖ Impact of national, provincial and local policies;
- ❖ Ability of the municipality to spend and deliver the services.

The abovementioned assumptions were developed from the following sources:

- ❖ Information provided by government and Statistics SA;
- ❖ Information gained from reports from the financial system;
- ❖ Local conducted surveys and consumption data in respect of water, electricity, waste, sewerage outflow etc; and
- ❖ The municipality's own analysis of statistical data in respect of actual demand and consumptions in their communities.



The following percentages as informed by the National Treasury Circular no 75 has been used to calculate the estimated revenue and expenditure for 2015/2016 to 2017/2018 financial years.

2015/2016	2016/2017	2017/2018
4.8%	5.9%	5.6%

Electricity revenue has been estimated at an increase of 12.20% as per Nersa Guideline indicated in Circular no 75 of the National Treasury.

Proposed tariff increases over the medium term

Proposed tariff increase on other services are as follows:

SERVICE	2015/2016	2016/2017	2017/2018
Electricity	12.20%	12.20%	12.20%
Property rates	4.8%	5.9%	5.6%
Other services	4.8%	5.9%	5.6%
Sundry tariffs	4.8%	5.9%	5.6%

Salaries, Wages and Allowances

The salaries and wages are budgeted for at an overall increment rate of 4.4% as guided by the National Treasury Circular no 75.

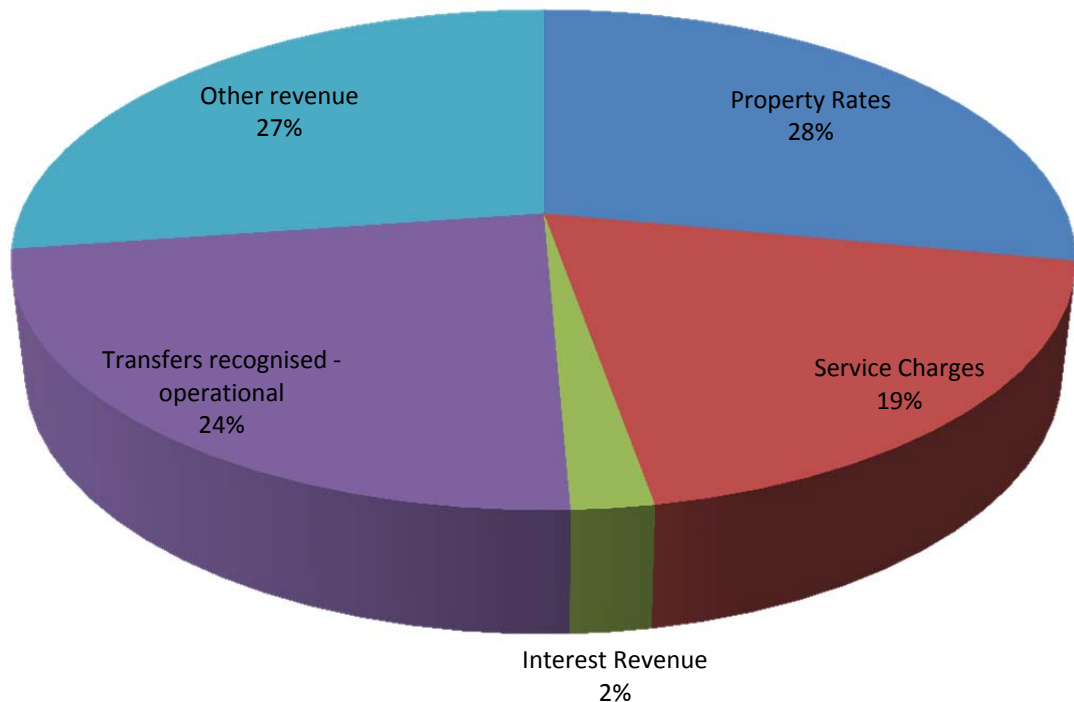
The total salary bill to the amount of R 241,177,000 includes the budgeted positions to be filled during the 2015/2016 financial year. The positions will be filled through the process of service delivery priorities and the approved municipal organogram.

2.6. Overview of budget funding

Description R thousands	2011/12 Medium Term Revenue & Expenditure Framework					
	Budget Year 2015/16	%	Budget Year+1 2016/17	%	Budget Year+2 2017/18	%
Property rates	43,642	5.8%	46,693	5.8%	49,119	5.8%
Service charges	298,585	39.7%	334,506	41.6%	374,586	44.2%
Investment revenue	3,285	0.4%	3,515	0.4%	3,697	0.4%
Transfers recognized - operational	363,596	48.4%	368,360	45.8%	366,556	43.3%
Other own revenue	42,483	5.6%	50,739	6.3%	52,937	6.3%
Total Operating Revenue (excluding capital transfers and contributions)	751,591	100%	803,813	100%	846,895	100%
Total Operating Expenditure	835,130		892,708		962,501	
Surplus/(Deficit)	(83,539)		(88,889)		(11560)	



Breakdown of operating revenue over the 2015/16 MTREF



2.6.1. Rates, Tariff and other charges

2.6.1.1. Tariff Schedule

The schedule for tariffs is attached, marked “Annexure A”. The Schedule is submitted to Council for adoption and for community consultative process.

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Makhado Local Municipality derives its operational revenue from the provision of goods and services such as electricity, refuse removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, agency fees etc.)



The revenue strategy is a function of key components such as:

- Growth in the municipal area and economic development;
- Revenue management and enhancement;
- Achievement of a 71 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

Revenue category	2015/16 proposed tariff increase	2016/17 proposed tariff increase	2017/18 proposed tariff increase	2015/16 additional revenue for each 1% tariff increase	2016/17 additional revenue owing to % tariff increases	2017/18 Total Budgeted revenue
	%	%	%	R'000	R'000	R'000
Property rates	4.8	5.9	5.6			
Refuse Removal						
Electricity	12.20	12.20	12.20			
Sundry Tariffs	4.8	5.9	5.6			
Total				99 899	1 453 127	11 557 079

Revenue to be generated from property rates is R44 million in the 2015/16 financial year and increases to R49 million by 2017/18 which represents 12.5 per cent of the operating revenue base of the municipality. It remains relatively constant over the medium-term.

Services charges relating to electricity and refuse removal constitutes approximately 39.7 per cent of the revenue basket of the municipality totalling R752 million for the 2015/16 financial year and increasing to R847 million by 2017/18. This growth can mainly be attributed to the increase in the bulk prices of electricity.

2.6.1.2. Investments

Table 21 MBRR Table SA15- Investment particulars by type:

Investment type	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand									
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits – Bank	15	10,108	52,010	15,846	15,846	1,549	17,500	18,000	19,000
Deposits - Public Investment									
Commissioners									
Deposits - Corporation for Public Deposits									
Bankers' Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements – Banks									
Municipal Bonds									
Municipality sub-total	15	10,108	52,010	15,846	15,846	1,549	17,500	18,000	19,000

2.6.1.3. Grant allocations

Table 22 MBRR Table SA18- Transfers and grants receipts:

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
RECEIPTS:									
<u>Operating Transfers and Grants</u>									
National Government:	215,807	241,136	261,738	291,305	291,305	282,399	363,596	368,360	366,556
Local Government Equitable Share	212,830	235,434	256,239	287,643	287,643	279,652	354,731	360,778	358,823
Finance Management	1,080	1,620	1,591	1,600	1,600	1,139	1,600	1,625	1,700
Municipal Systems Improvement	800	800	890	934	934	564	930	957	1,033
Energy Efficiency and Demand Management	-	-	-	-	-	-	5,000	5,000	5,000
Expanded Public Works Programme (EPWP)	1,097	3,282	3,018	1,128	1,128	1,045	1,335	-	-
Provincial Government:	-	-	1,400	-	-	-	-	-	-
Expanded Public Works Programme (EPWP)	-	-	1,400	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	215,807	241,136	263,138	291,305	291,305	282,399	363,596	368,360	366,556



<u>Capital Transfers and Grants</u>									
National Government:	37,122	69,397	109,578	114,087	114,087	80,453	129,264	136,892	143,831
Municipal Infrastructure Grant (MIG)	33,622	62,782	94,732	107,087	107,087	70,733	112,264	116,892	123,831
Intergrated National Electrification Grant (INEP)	3,500	6,616	14,845	7,000	7,000	9,721	17,000	20,000	20,000
Provincial Government:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	37,122	69,397	109,578	114,087	114,087	80,453	129,264	136,892	143,831
TOTAL RECEIPTS OF TRANSFERS & GRANTS	252,929	310,534	372,716	405,392	405,392	362,852	492,860	505,252	510,387

2.6.1.4 Funding Compliance

Table 23 MBRR Table SA10- Funding measurement:

[illegible]

2.6.2. Fiscal Overview

2.6.2.1. Financial Statements

The 2013/2014 Financial Statements have been completed and submitted and audited by the Auditor General and the municipality received an unqualified audit opinion on the financial statements.

2.6.2.2. Capital Budget Summary

2.6.2.2.1 The following table reflects the summary of capital budget per department and funding source for 2015/2016 to 2017/2018 financial years as approved by Council:

Summarised capital budget per department

Department	2015/2016	2016/2017	2017/2018
Planning and Development	329,000.00	55,000.00	60,000.00
Technical Services	146,390,000.12	190,690,000.00	181,091,000.00
Community Services	7,638,000.00	9,895,000.00	7,650,000.00
Budget and Treasury	7,000,500.00	3,000,000.00	3,000,000.00
Corporate Services	1,164,800.00	600,000.00	200,000.00
Regional Offices	1,416,500.00	200,000.00	200,000.00
TOTAL	163,938,800.12	204,440,000.00	192,201,000.00

Summarised capital budget per funding source

Funding source	2015/2016	2016/2017	2017/2018
Internally generated funds	51,674,800.12	62,548,000.00	38,370,000.00
Municipal Infrastructure Grant	112,264,000.00	116,892,000.00	123,831,000.00
Integrated National Electrification Programme	17,000,000.00	20,000,000.00	20,000,000.00
TOTAL	163,938,800.12	204,440,000.00	192,201,000.00

2.6.2.3. Trade Creditors.

All trade creditors are paid on time apart from payment for Bulk Purchase and arrangements are normally made with Eskom for settlement of outstanding amounts.

2.6.2.4. Investments

Investments vary on a continuous basis and are mainly short-term in respect of conditional grants and subsidies received for capital projects.

2.6.2.5. Provision of Free Basic Services

The municipality currently provides the following free basic services and indigent support:-

- ❖ Electricity: A subsidy of fifty (50) units of electricity per property per month to all individual households will apply. Where the consumption exceeds fifty (50) units per month the consumer will be charged for actual consumption exceeding fifty (50) units at the approved tariff.

It is proposed that the maximum amount of subsidisation be determined as set out below: -

Household Income per Month	Subsidy Amount
R0 to one state pensioner	100%
One state pensioner to R1 100	80%
R1 101 to two state pensioners	60%

2.6.2.6. Important Financial Indicators

A summary of key financial indicators for the last three years is as follow:-

- ❖ Majority of investments earmarked for specific trust funds or projects in progress and does not form part of the operating account.

2.7. Expenditure on allocations and grants programmes

Table 24 MBRR Table SA19- Expenditure on transfers and grants programmes:

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
EXPENDITURE:									
<u>Operating expenditure of Transfers and Grants</u>									
National Government:	215,807	241,136	260,435	291,305	291,305	282,399	358,596	363,360	361,556
Local Government Equitable Share	212,830	235,434	256,239	287,643	287,643	279,652	354,731	360,778	358,823
Finance Management	–	–	–	–	–	–	–	–	–
Municipal Systems Improvement	1,080	1,620	1,591	1,600	1,600	1,139	1,600	1,625	1,700
Energy Efficiency and Demand Management	800	800	890	934	934	564	930	957	1,033
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
Expanded Public Works Programme (EPWP)	1,097	3,282	1,715	1,128	1,128	1,045	1,335	–	–
Total operating expenditure of Transfers and Grants:	215,807	241,136	260,435	291,305	291,305	282,399	358,596	363,360	361,556
<u>Capital expenditure of Transfers and Grants</u>									
National Government:	–	69,397	109,567	114,087	114,087	80,453	129,264	136,892	143,831
Municipal Infrastructure Grant (MIG)		62,782	94,722	107,087	107,087	70,733	112,264	116,892	123,831
Integrated National Electrification Grant (INEP)		6,616	14,845	7,000	7,000	9,721	17,000	20,000	20,000
Total capital expenditure of Transfers and Grants	–	69,397	109,567	114,087	114,087	80,453	129,264	136,892	143,831
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	215,807	310,534	370,002	405,392	405,392	362,852	487,860	500,252	505,387

2.8. Allocations and grants made by the municipality

- ❖ No allocations were made by the Makhado Municipality to:-
 - Other municipalities;
 - Municipal Entities and other external service delivery mechanisms;
 - Any other organs of state; and
 - Any other organisation outside government

2.9. Councillors and board members allowances and employee benefits

Table 25 MBRR Table SA22- Summary of councillors and staff benefits:

Summary of Employee and Councillor remuneration	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Councillors (Political Office Bearers plus Other)</u>	A	B	C	D	E	F	G	H	I
Basic Salaries and Wages	16,254	18,470	20,782	20,675	21,705	18,416	20,258	21,453	22,655
Pension and UIF Contributions	-	-	-	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	-	-	-	-	-	-	-	-	-
Cellphone Allowance	-	-	-	-	-	-	-	-	-
Housing Allowances	-	-	-	-	-	-	-	-	-
Other benefits and allowances	-	-	-	-	-	-	-	-	-
Sub Total - Councillors	16,254	18,470	20,782	20,675	21,705	18,416	20,258	21,453	22,655
% increase		13.6%	12.5%	(0.5%)	5.0%	(15.2%)	10.0%	5.9%	5.6%
<u>Senior Managers of the Municipality</u>									
Basic Salaries and Wages	2,696	2,739	1,882	-	-	-	3,115	3,298	3,483
Pension and UIF Contributions	436	529	415	-	-	-	723	766	1,513
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	1,559	1,285	841	-	-	-	1,353	1,433	809
Cellphone Allowance	-	-	-	-	-	-	-	-	-
Housing Allowances	-	-	-	-	-	-	-	-	-
Other benefits and allowances	100	118	15	-	-	-	-	-	-

MAKHADO LOCAL MUNICIPALITY
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Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	4,791	4,671	3,154	-	-	-	5,191	5,497	5,805
% increase		(2.5%)	(32.5%)	(100.0%)	-	-	-	5.9%	5.6%
Other Municipal Staff									
Basic Salaries and Wages	100,491	117,045	120,228	144,140	137,300	120,300	142,149	149,954	157,892
Pension and UIF Contributions	25,502	26,071	26,613	31,686	30,153	26,494	31,178	32,890	33,927
Medical Aid Contributions	9,052	9,661	10,442	11,174	11,430	10,359	12,093	12,758	13,434
Overtime	15,180	12,199	12,826	13,187	16,385	15,659	17,677	18,649	19,638
Performance Bonus	9,637	9,550	9,930	13,124	17,159	14,537	18,155	19,153	20,168
Motor Vehicle Allowance	5,477	6,865	6,931	7,964	8,844	7,514	8,004	8,438	9,585
Cellphone Allowance	392	485	751	743	979	860	1,036	1,093	1,151
Housing Allowances	218	219	233	285	244	209	258	272	287
Other benefits and allowances	-	-	-	1,786	-	-	-	-	-
Payments in lieu of leave	(1,903)	7,215	4,326	-	1,311	1,015	1,387	1,463	1,541
Long service awards	1,531	4,363	5,231	2,079	1,922	-	2,034	2,146	2,259
Post-retirement benefit obligations	1,369	1,039	1,199	1,922	1,970	1,796	2,016	2,127	2,240
Sub Total - Other Municipal Staff	166,948	194,712	198,712	228,090	227,697	198,742	235,986	248,945	262,123
% increase		16.6%	2.1%	14.8%	(0.2%)	(12.7%)	18.7%	5.5%	5.3%
Total Parent Municipality	187,993	217,853	222,647	248,765	249,402	217,158	261,435	275,895	290,582



% increase		15.9% –	2.2% –	11.7% –	0.3% –	(12.9%) –	20.4% –	5.5% –	5.3% –
Total Municipal Entities	–	–	–	–	–	–	–	–	–
TOTAL SALARY, ALLOWANCES & BENEFITS	187,993	217,853	222,647	248,765	249,402	217,158	261,435	275,895	290,582
% increase		15.9%	2.2%	11.7%	0.3%	(12.9%)	20.4%	5.5%	5.3%
TOTAL MANAGERS AND STAFF	171,739	199,383	201,866	228,090	227,697	198,742	241,177	254,442	267,928

The above table is a comparison of the total expenditure related to salaries and benefits for the mentioned financial years as per the budget for 2015/2016

The staff salaries budget has been increased by 4.4% across the board as per inflation rate.

The provision for salaries was calculated according to all staff on the payroll as at the end of January 2015.

2.9.1. Breakdown of salaries, remuneration and benefits

The detailed breakdown of the salaries, wages, remuneration and benefits are depicted in the following supporting tables:

Table 26 MBRR Table SA23- Salaries, allowances and benefits (political office bearers/councillors/senior managers):

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.				2.
<u>Councillors</u>						
Speaker	596,822		24,468			621,290
Chief Whip	559,522		24,468			583,990
Executive Mayor	746,029		24,468			770,497
Deputy Executive Mayor						–
Executive Committee	2,797,610		122,340			2,919,950
Total for all other councillors	16,634,546		1,079,834			17,714,380
Total Councillors	21,334,529	–	1,275,578			22,610,107
<u>Senior Managers of the Municipality</u>						
Municipal Manager (MM)	878,560	262,533	323,173			1,464,266
Chief Finance Officer	628,768	118,390	300,788			1,047,946
Planning and Development Director	535,750	68,838	288,326			892,914
Corporate Services Director	535,750	150,039	207,126			892,915
Director Community Services	535,750	123,578	233,587			892,915
						–
Total Senior Managers of the Municipality	3,114,578	723,378	1,353,000	–		5,190,956
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	24,449,107	723,378	2,628,578	–		27,801,063

Table 27 MBRR Table SA24 – Summary of personnel numbers:

Summary of Personnel Numbers	2013/14			Current Year 2014/15			Budget Year 2015/16		
Number	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)			75			74			74
Board Members of municipal entities									
Municipal employees									
Municipal Manager and Senior Managers			6			6			6
Other Managers		36	–		41			41	
Professionals	–	103	–	–	137	–	–	141	–
<i>Finance</i>					6			6	
<i>Spatial/town planning</i>		1			1			1	
<i>Information Technology</i>									
<i>Other</i>		102			130			134	
Technicians	–	180	–	–	173	–	–	173	–
<i>Finance</i>									
<i>Spatial/town planning</i>									
<i>Information Technology</i>		4			3			3	
<i>Roads</i>									
<i>Electricity</i>		15			14			14	
<i>Refuse</i>		1			1			1	
<i>Other</i>		160			155			155	
Clerks (Clerical and administrative)		135			156			156	
Service and sales workers									
Plant and Machine Operators		44			44			44	
Elementary Occupations		358			297			297	
TOTAL PERSONNEL NUMBERS	–	856	81	–	848	80	–	852	80
% increase				–	(0.9%)	(1.2%)	–	0.5%	–

2.10 Monthly targets for revenue, expenditure and cash flows (The monthly cash flows will be reflected in the supporting table SA27 and SA30)

Table 28 MBRR Table SA30 – Monthly Cash Flows

MONTHLY CASH FLOWS	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework			
	R thousand	July	Aug	Sept.	Oct	Nov	Dec	Jan	Feb	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash Receipts By Source														1		
Property rates	3,674	3,674	3,674	3,674	3,674	3,674	3,674	3,674	3,674	3,674	3,674	3,674	3,233	43,642	46,693	49,119
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	24,072	24,072	24,072	24,072	24,072	24,072	24,072	24,072	24,072	24,072	24,072	24,072	24,072	288,861	324,102	363,642
Service charges - water revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	819	819	819	819	819	819	819	819	819	819	819	819	720	9,724	10,404	10,944
Service charges - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	38	38	38	38	38	38	38	38	38	38	38	38	33	449	481	506
Interest earned - external investments	277	277	277	277	277	277	277	277	277	277	277	277	243	3,285	3,515	3,697
Interest earned - outstanding debtors	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	887	11,981	12,819	13,485
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines	138	138	138	138	138	138	138	138	138	138	138	138	122	1,641	1,756	1,847
Licences and permits	947	947	947	947	947	947	947	947	947	947	947	947	834	11,251	12,037	12,663
Agency services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfer receipts - operational	120,000	11,600	5,000	1,920	144,000	–	–	–	–	72,490	–	–	5,000	360,010	369,813	367,641
Other revenue	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,537	20,748	22,199	23,353
Cash Receipts by Source	152,718	44,318	37,718	34,638	176,718	32,718	32,718	32,718	105,208	32,718	32,718	32,718	36,681	751,592	803,819	846,897
Other Cash Flows by Source																
Transfer receipts - capital	–	–	–	4,590	43,609	5,780	1,190	–	74,095	–	–	–	–	129,264	136,892	143,831
Total Cash Receipts by Source	152,718	44,318	37,718	39,228	220,327	38,498	33,908	32,718	179,303	32,718	32,718	32,718	36,681	880,856	940,711	990,728

MAKHADO LOCAL MUNICIPALITY
FINAL MULTI-YEAR BUDGET FOR 2015/2016 TO 2017/2018 FINANCIAL YEARS



Cash Payments by Type															
Employee related costs	18,450	18,950	18,650	18,880	18,450	32,074	18,950	18,990	18,780	18,990	18,780	21,233	241,177	254,442	267,928
Remuneration of councillors	1,914	1,914	1,914	1,914	1,914	1,914	1,914	1,914	1,914	1,914	1,914	1,560	22,610	23,944	25,285
Finance charges	520	520	520	520	520	520	520	520	520	520	520	458	6,181	6,613	6,957
Bulk purchases - Electricity	18,078	18,178	18,757	17,654	16,000	16,800	17,870	18,978	19,078	17,079	19,078	19,388	216,939	247,831	283,122
Other expenditure	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	165,585	184,796	187,463	197,657
Cash Payments by Type	40,709	41,308	41,587	40,714	38,630	53,054	41,000	42,149	42,039	40,249	42,038	208,224	671,703	720,293	780,948
Other Cash Flows/Payments by Type															
Capital assets	13,874	13,874	13,874	13,874	13,874	13,874	13,874	13,874	13,874	13,874	13,874	11,320	163,938	204,440	192,200
Repayment of borrowing	–	–	–	900	–	–	–	–	900	–	–	–	1,800	1,900	2,000
Other Cash Flows/Payments											36,000	–	36,000	15,000	10,000
Total Cash Payments by Type	54,583	55,183	55,462	55,489	52,505	66,929	54,875	56,023	56,813	54,124	91,913	219,544	873,441	941,633	985,148
NET INCREASE/(DECREASE) IN CASH HELD	98,135	(10,865)	(17,744)	(16,261)	167,822	(28,431)	(20,967)	(23,305)	122,490	(21,405)	(59,195)	(182,862)	7,415	(922)	5,579
Cash/cash equivalents at the month/year begin:	5,000	103,135	92,271	74,527	58,266	226,089	197,658	176,692	153,387	275,877	254,472	195,277	5,000	12,415	11,493
Cash/cash equivalents at the month/year end:	103,135	92,271	74,527	58,266	226,089	197,658	176,692	153,387	275,877	254,472	195,277	12,415	12,415	11,493	17,072



Table 28 MBRR Table SA30- Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year 2016/17 +1	Budget Year 2017/18 +2
Revenue - Standard															
<i>Governance and administration</i>	47,212	47,212	47,212	47,212	47,212	47,212	47,212	47,212	47,212	47,212	47,212	65,206	584,535	610,148	620,281
Executive and council	40,545	40,545	40,545	40,545	40,545	40,545	40,545	40,545	40,545	40,545	40,545	58,539	504,530	525,742	531,401
Budget and treasury office	6,384	6,384	6,384	6,384	6,384	6,384	6,384	6,384	6,384	6,384	6,384	6,384	76,612	80,826	85,110
Corporate services	283	283	283	283	283	283	283	283	283	283	283	283	3,393	3,580	3,770
<i>Community and public safety</i>	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	12,898	13,608	14,329
Community and social services	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	12,898	13,608	14,329
Sport and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	155	155	155	155	155	155	155	155	155	155	155	155	1,861	555	584
Planning and development	44	44	44	44	44	44	44	44	44	44	44	44	526	555	584
Road transport	111	111	111	111	111	111	111	111	111	111	111	111	1,335	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	23,432	23,432	23,432	23,432	23,432	23,432	23,432	23,432	23,432	23,432	23,432	23,422	281,176	315,994	355,104
Electricity	22,614	22,614	22,614	22,614	22,614	22,614	22,614	22,614	22,614	22,614	22,614	22,614	271,364	305,642	344,204
Water	-	-	-	-	-	-	-	-	-	-	-	(14)	(14)	(14)	(15)
Waste water management	-	-	-	-	-	-	-	-	-	-	-	4	4	4	5
Waste management	819	819	819	819	819	819	819	819	819	819	819	819	9,822	10,362	10,912
<i>Other</i>	32	32	32	32	32	32	32	32	32	32	32	32	385	406	427
Total Revenue - Standard	71,906	71,906 136,183	71,906 136,183	71,906 136,183	71,906 136,183	71,906 136,183	71,906 136,183	71,906 136,183	71,906 136,183	71,906 136,183	71,906 136,183	89,890	880,855	940,710	990,726
Expenditure - Standard															
<i>Governance and administration</i>	40,335	40,335	40,335	40,335	40,335	40,335	40,335	40,335	40,335	40,335	40,335	69,973	513,654	534,996	562,858
Executive and council	1,297	1,297	1,297	1,297	1,297	1,297	1,297	1,297	1,297	1,297	1,297	1,297	15,562	16,448	17,288

MAKHADO LOCAL MUNICIPALITY
FINAL MULTI-YEAR BUDGET FOR 2015/2016 TO 2017/2018 FINANCIAL YEARS



Budget and treasury office	15,890	15,890	15,890	15,890	15,890	15,890	15,890	15,890	15,890	15,890	15,890	45,528	220,320	225,498	236,989
Corporate services	23,148	23,148	23,148	23,148	23,148	23,148	23,148	23,148	23,148	23,148	23,148	23,148	277,772	293,050	308,581
<i>Community and public safety</i>	1,818	1,818	1,818	1,818	1,818	1,818	1,818	1,818	1,818	1,818	1,818	1,818	21,818	23,018	24,238
Community and social services	1,818	1,818	1,818	1,818	1,818	1,818	1,818	1,818	1,818	1,818	1,818	1,818	21,818	23,018	24,238
Sport and recreation	–	–	–	–	–	–	–	–	–	–	–	0	0	0	0
Public safety	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Housing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>	190	190	190	190	190	190	190	190	190	190	190	190	2,275	1,995	2,916
Planning and development	190	190	190	190	190	190	190	190	190	190	190	190	2,275	1,995	2,916
Road transport	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Trading services</i>	19,895	19,895	19,895	19,895	19,895	19,895	19,895	19,895	19,895	19,895	19,895	19,895	238,737	270,828	307,338
Electricity	19,126	19,126	19,126	19,126	19,126	19,126	19,126	19,126	19,126	19,126	19,126	19,126	229,506	261,090	297,084
Water	498	498	498	498	498	498	498	498	498	498	498	498	5,971	6,300	6,634
Waste water management	5	5	5	5	5	5	5	5	5	5	5	5	59	62	66
Waste management	267	267	267	267	267	267	267	267	267	267	267	267	3,200	3,376	3,555
<i>Other</i>	4,887	4,887	4,887	4,887	4,887	4,887	4,887	4,887	4,887	4,887	4,887	4,887	58,646	61,872	65,151
Total Expenditure - Standard	67,124	67,124	67,124	67,124	67,124	67,124	67,124	67,124	67,124	67,124	67,124	96,763	835,130	892,708	962,501
Surplus/(Deficit) before assoc.	4,782	4,782	4,782	4,782	4,782	4,782	4,782	4,782	4,782	4,782	4,782	(6,872)	45,725	48,003	28,225
Share of surplus/ (deficit) of associate												–	–	–	–
Surplus/(Deficit)	4,782	4,782	4,782	4,782	4,782	4,782	4,782	4,782	4,782	4,782	4,782	(6,872)	45,725	48,003	28,225

2.10. Annual budget and service delivery and budget implementation plans-internal departments

- *The draft service delivery budget implementation plan per department is attached as annexure C*

2.11. Annual budget and service delivery agreements-municipal entities and other external mechanisms

- The Makhado Municipality does not have the municipal entities.

2.12. Contracts having future budgetary implications

- In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.13. Capital expenditure details

The following table gives the detailed budgeted capital expenditures per department in the medium term revenue and expenditure

SUMMARY OF FINAL ANNUAL CAPITAL BUDGET FOR 2015/2016 TO 2017/2018 FINANCIAL YEARS

Summarised capital budget per department

Department	2015/2016	2016/2017	2017/2018
Planning and Development	329,000.00	55,000.00	60,000.00
Technical Services	146,390,000.12	190,690,000.00	181,091,000.00
Community Services	7,638,000.00	9,895,000.00	7,650,000.00
Budget and Treasury	7,000,500.00	3,000,000.00	3,000,000.00
Corporate Services	1,164,800.00	600,000.00	200,000.00
Regional Offices	1,416,500.00	200,000.00	200,000.00
TOTAL	163,938,800.12	204,440,000.00	192,201,000.00

Summarised capital budget per funding source

Funding source	2015/2016	2016/2017	2017/2018
Internally generated funds	51,674,800.12	62,548,000.00	38,370,000.00
Municipal Infrastructure Grant	112,264,000.00	116,892,000.00	123,831,000.00
Integrated National Electrification Programme	17,000,000.00	20,000,000.00	20,000,000.00
TOTAL	163,938,800.12	204,440,000.00	192,201,000.00



CORPORATE SERVICES DEPARTMENT

UPGRADE AND ACQUISITION OF NETWORK AND COMMUNICATION SYSTEMS-ICT						
DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
281	414101	Upgrade of municipal call centre	INCOME	300,000.00	100,000.00	-
281	414104	Upgrade of network infrastructure	INCOME	200,000.00	200,000.00	-
281	414105	Upgrade of servers	INCOME	200,000.00	100,000.00	-
281	414107	Upgrade telephone management system	INCOME	150,000.00	-	-
281	414109	Upgrade of server room	INCOME	70,000.00	-	-
201	413301	Hand held two way communication radio x 2	INCOME	10,000.00	-	-
TOTAL				930,000.00	400,000.00	-

ADMINISTRATION AND COUNCIL SUPPORT						
DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
201	413302	Two(2) wheel trolleys with 3 shelves (Registry)	INCOME	3,000.00	-	-
201	413303	One (1) multifunction aluminium ladder (Registry)	INCOME	1,000.00	-	-
TOTAL				4,000.00	-	-



COMMUNICATIONS DIVISION						
DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
009	412011	Video editing software	INCOME	10,000.00	-	-
009	412012	Two (2) TV sets & Decoders (Speaker & Chief Whip)	INCOME	20,000.00	-	-
009	412013	Two Radios Regional broadcast & record facility	INCOME	800.00	-	-
TOTAL				30,800.00	-	-

PROVISION OF OFFICE FURNITURE AND EQUIPMENTS						
DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
281	414103	Laptops/Computers/Printers Whole Municipality/desktop	INCOME	200,000.00	200,000.00	200,000.00
TOTAL				200,000.00	200,000.00	200,000.00

TOTAL CORPORATE SERVICES BUDGET	1,164,800.00	600,000.00	200,000.00
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BUDGET AND TREASURY OFFICE

ASSETS MANAGEMENT SECTION						
DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
702	415525	Vehicles Whole Municipality	INCOME	7,000,000.00	3,000,000.00	3,000,000.00
TOTAL				7,000,000.00	3,000,000.00	3,000,000.00

EXPENDITURE SECTION						
DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
251	412015	Stepping Ladder	INCOME	500.00	-	-
TOTAL				500.00	-	-

TOTAL BUDGET AND TREASURY BUDGET	7,000,500.00	3,000,000.00	3,000,000.00
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COMMUNITY SERVICES DEPARTMENT

LIBRARY SECTION						
DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
236	412015	Extension of Library building	INCOME	-	2,500,000.00	-
236	412016	Refurbishment of Library Roof	INCOME	1,000,000.00	200,000.00	100,000.00
236	412017	1 x Book binding machine	INCOME	10,000.00	-	-
236	412018	3 x Book trollies	INCOME	20,000.00	50,000.00	70,000.00
236	412019	1 x Laminating machine	INCOME	10,000.00	-	-
236	412020	2 x Vacuum cleaner (Library)	INCOME	5,000.00	-	-
TOTAL				1,045,000.00	2,750,000.00	170,000.00
PARKS AND RECREATION SECTION						
DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
181	411200	Development of E60 Park (Makhado Town)	INCOME	-	-	1,000,000.00
181	411201	Development of Bird Park (Makhado Town)	INCOME	-	-	1,000,000.00
181	411203	Development of Dzanani Park next to shopping Mall	INCOME	-	-	1,000,000.00
181	411204	Development of Vuwani park (Next to Science and Technology centre)	INCOME	-	-	1,000,000.00
181	411209	Development N1 recreational park/	INCOME	300,000.00	-	-
181	411210	Refurbish and Upgrade Civic Centre Park+ Tshirululuni/Meerkat Park	INCOME	500,000.00	-	-
181	411211	10 x Double Trolley and 20 litre Poly Bucket	INCOME	9,000.00	-	-
181	411212	7 x Self-Propelled Heavy Duty Lawnmowers	INCOME	350,000.00	350,000.00	400,000.00
181	411213	12 x Brush cutters	INCOME	120,000.00	130,000.00	140,000.00
181	411214	Development of 5047 Park at Makhado Park	INCOME	700,000.00	-	-
181	411215	Trailer (Transporting Tools)- move to fleet vehicle	INCOME	70,000.00	-	-
TOTAL				2,049,000.00	480,000.00	4,540,000.00



WASTE MANAGEMENT						
DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
321	411222	Rehabilitation of the existing Landfill site (Vondelling)	INCOME	4,000,000.00	3,000,000.00	200,000.00
321	411223	25 Skip bins	INCOME	-	450,000.00	-
321	411224	Skip Bin cover net	INCOME	10,000.00	15,000.00	-
321	411225	1000 x 240L Wheelie Bins	INCOME	-	1,200,000.00	1,500,000.00
321	411226	Wood Chipper Machine- landfill site new	INCOME	100,000.00	-	-
321	411227	Builder Rubble Crusher Machine- landfill site new	INCOME	250,000.00	-	-
TOTAL				4,360,000.00	4,665,000.00	1,700,000.00

VUWANI TRAFFIC STATION						
DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
083	414204	Upgrading the Vehicle Testing Station	INCOME	-	-	800,000.00
083	414205	Paving of entrance	INCOME	-	200,000.00	-
083	414206	3 x Airconditioners	INCOME	30,000.00	30,000.00	-
TOTAL				30,000.00	230,000.00	800,000.00

DZANANI TRAFFIC STATION						
DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
082	414207	Upgrading of VTS (Grade B to A)	INCOME	-	-	250,000.00
082	414208	Carport for Employees (Bricks & Zinc Structure)	INCOME	70,000.00	50,000.00	-
082	414209	1 x Breakdown Truck (Community Services-Traffic Section)	INCOME	-	800,000.00	-
TOTAL				70,000.00	850,000.00	250,000.00



MAKHADO TRAFFIC STATION						
DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
081	414210	Water Draining pump	INCOME	30,000.00	350,000.00	40,000.00
081	414211	4 x Gazebo Tent for all Traffic Stations(Traffic Shelter)	INCOME	4,000.00	-	-
TOTAL				34,000.00	350,000.00	40,000.00

WATERVAL TRAFFIC STATION						
DEPT	ITEM	DESCRIPTION	SOURCES	2015-16	2016-17	2017-18
084	414212	5 x Aircondotioners	INCOME	50,000.00	120,000.00	150,000.00
084	414213	Consruction of Cattle Pound/Loading zone at Tshitale	INCOME		450,000.00	
TOTAL				50,000.00	570,000.00	150,000.00

TOTAL COMMUNITY SERVICES BUDGET	7,638,000.00	9,895,000.00	7,650,000.00
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REGIONAL OFFICES

VUWANI REGIONAL OFFICE						
DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
552	413108	Public Toilets	INCOME	200,000.00	200,000.00	200,000.00
552	413109	5 x Boreholes	INCOME	200,000.00	-	-
552	413110	Fencing Vuwani Cemetery	INCOME	300,000.00	-	-
552	413111	Vuwani Cemetry (Toilet)	INCOME	70,000.00	-	-
552	413112	Grass Cutting machine & maintance	INCOME	10,000.00	-	-
TOTAL				780,000.00	200,000.00	200,000.00

WATERVAL REGIONAL OFFICE						
DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
554	413113	Carports Wareval and Vleifontein	INCOME	10,000.00	-	-
554	413114	1 x Sludge pump	INCOME	5,000.00	-	-
554	413115	4 x Lawn mowers: Vleifontein and Waterval	INCOME	80,000.00	-	-
TOTAL				95,000.00	-	-



DZANANI REGIONAL OFFICE						
DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
553	413116	Grass cutting Machine x 1	INCOME	40,000.00	-	-
553	413117	Fencing grave yard +sliding gate	INCOME	300,000.00	-	-
553	413118	Electrification Rabali Stadium	INCOME	150,000.00		
553	413119	High Pressure Compressor	INCOME	30,000.00		
553	413120	Urn 10L x 1	INCOME	1,500.00		
553	413121	Spot Lights (Supply and Install) x 4	INCOME	20,000.00		
553	413122	Parking Shelter	INCOME	-	60,000.00	
TOTAL				541,500.00	-	-

TOTAL REGIONAL OFFICES BUDGET

1,416,500.00 200,000.00 200,000.00



PLANNING AND DEVELOPMENT

BUILDING CONTROL						
DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
012	418200	8 x Cameras for Building Inspectors	INCOME	10,000.00	-	-
012	418202	20 x Aircons for new offices	INCOME	200,000.00	-	-
012	418203	Street names- R293 Townships	INCOME	50,000.00	55,000.00	60,000.00
TOTAL				260,000.00	55,000.00	60,000.00

TOWN PLANNING						
DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
012	418204	6 x Cameras for Town Planners	INCOME	9,000.00	-	-
012	418205	2 x Theodolites for Survey Technician	INCOME	50,000.00	-	-
012	418206	GPS for Survey Technician	INCOME	10,000.00	-	-
TOTAL				69,000.00	-	-

TOTAL PLANNING AND DEVELOPMENT BUDGET

329,000.00 55,000.00 60,000.00



TECHNICAL SERVICES DEPARTMENT

ELECTRICAL ENGINEERING						
DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
697	413800	Air Conditioners	INCOME	150,000	150,000.00	150,000.00
657	404036	Car ports	INCOME	-	-	100,000.00
697	413803	CT VT Units 11kv & 22kv	INCOME	300,000	300,000.00	300,000.00
697	413804	Incomer intake point Eskom Substation	INCOME	-	-	500,000.00
697	413805	Low voltage problems Rural Farming	INCOME	250,000	300,000.00	600,000.00
697	413504	Mini Subs	INCOME	900,000	600,000.00	700,000.00
697	413508	MV Cable 70mm 11kV - Urban Network	INCOME	-	800,000.00	800,000.00
697	413509	MV Cable 95mm 22kV	INCOME	150,000	150,000.00	150,000.00
697	413809	Power/Distribution transformer repairs	INCOME	-	1,000,000.00	1,000,000.00
697	413514	Recloser and controllers whole network	INCOME	700,000	600,000.00	300,000.00
697	413813	Re-design,grading & coordination of all protection circuits	INCOME	-	1,000,000.00	1,000,000.00
697	413814	Remote control of switch gear Tshipise & Levubu	INCOME	120,000.00	120,000.00	100,000.00
697	413745	Replace Line protection control Panel complete Makhado Sub	INCOME	-	1,000,000.00	250,000.00
697	413737	Ring Main Units 11 kV (RMU)	INCOME	300,000	400,000.00	500,000.00
697	413817	Standby quarter perimeter wall	INCOME	60,000	-	-
697	413816	Standby quarter guard room	INCOME	25,000	-	-
697	413818	Strategic Spares	INCOME	200,000	500,000.00	600,000.00
697	413819	Sub Station battery charger x 2 & batteries	INCOME	-	300,000.00	300,000.00
697	413820	Upgrade Bandelierkop line	INCOME	-	250,000.00	300,000.00
697	413821	Upgrade Industrial line	INCOME	250,000.00	-	-
697	413642	Upgrade Lev1	INCOME	-	2,000,000.00	2,000,000.00
697	413643	Upgrade Levubu 2 line	INCOME	-	200,000.00	200,000.00



697	413699	Upgrade LV OHPL to UGPC EXT2 Multi Year	INCOME	-	3,000,000.00	3,000,000.00
462	413828	Upgrade Mara Line	INCOME	-	300,000.00	300,000.00
458	413829	Upgrade Shefeera Line	INCOME	600,000.00	200,000.00	200,000.00
464	413830	Upgrade Tshipise Line	INCOME	-	-	300,000.00
697	413556	Upgrade and reroute Beaufort West line	INCOME	1,500,000.00	500,000.00	100,000.00
697	413698	Upgrade Urban Substations	INCOME	2,500,000.00	5,000,000.00	5,000,000.00
492	413833	Upgrading bulk supply Mudimeli	INCOME	-	240,000.00	240,000.00
697	413640	Upgrading Mountain Line	INCOME	250,000.00	-	-
697	413665	Replace OCB	INCOME	700,000.00	-	-
697	413667	Substation channel cover replacements	INCOME	200,000.00	-	-
697	413629	Standby (Backup) Electricity Power Generator-dzanani	INCOME	250,000.00		-
697	413523	Pound Office Electrification	INCOME	100,000.00		
TOTAL				9,505,000	18,910,000	18,990,000

ELECTRICATION

DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
678	407256	Electrification projects	INEP	-	25,000,000.00	30,000,000
678	407271	Wasigalaza phase 2 & Xitachi village	INEP	7,771,500		
678	407233	Sukani village	INEP	1,392,000		
678	407234	Tshivhulani zone-5	INEP	1,632,000		
678	407235	Ratombo sections(Tshituni tsha fhasi)	INEP	1,472,000		
678	407237	Mukondeni& Freedom- Lusaka sections	INEP	1,040,000		
678	407236	Mamburu	INEP	2,250,000		
678	407245	Makushu	INEP	490,000		



678	407246	Designs for 2016/2017 electrification projects	INEP	952,500		
678	407220	Electrification in Eskom areas	INCOME	-	8,000,000.00	800,000.00
678	407224	Leeu street development Ext 13	INCOME	-	10,000,000.00	-
678	407223	Link and bulk services Ext 12 (38 erven)	INCOME	-	600,000.00	-
657	404072	New offices at the electrical workshop	INCOME	-	600,000.00	2,500,000.00
678	407221	Post Connections & extensions Makhado Area	INCOME		6,000,000.00	3,000,000.00
678	407238	Magau	INCOME	546,410		
678	407240	Tshiozwi and Gogobole	INCOME	2,101,576		
678	407241	Ramantsha/Riverside	INCOME	1,281,962		
678	407242	Madodonga	INCOME	735,552		
678	407243	Manavhela	INCOME	945,709		
678	407244	Makhitha/Tshikodobo/Zamekomste	INCOME	388,792		
678	407245	Makushu	INCOME			
TOTAL				23,000,000	52,700,000.00	36,800,000.00

PROVISION OF ELECTRICAL TOOLS, EQUIPMENTS AND MATERIALS						
DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
697	413603	Transformer ratio tester	INCOME		200,000	
697	413725	Bush Cutters / Brush cutter	INCOME	18,000	18,000	20,000
697	413726	Chain Saws	INCOME	20,000	20,000	20,000
697	413727	Come - a- longs	INCOME	25,000	15,000	15,000
697	413728	Data loggers x 2	INCOME	-	-	30,000
697	413729	Draw vices	INCOME	30,000	30,000	30,000
697	413730	Earth sets for working earths for electricians	INCOME	-	50,000	50,000
697	413731	Extension power chain saws	INCOME	20,000	20,000	20,000



697	413732	Gazebo 3 x 3m	INCOME	3,000	-	-
697	413733	Heavy duty palisade sub station fencing	INCOME	-	-	400,000
697	413734	Ladders	INCOME	80,000	50,000	15,000
697	413735	Maintence Management software	INCOME	-	300,000	-
697	413736	New Office furniture	INCOME	-	-	-
697	413737	Proximity testers	INCOME	70,000	-	-
697	413738	Radios	INCOME	30,000	30,000	30,000
697	413739	Safety Harnesses	INCOME	-	25,000	20,000
697	413740	Slings	INCOME	-	10,000	-
697	413741	Telescopic tree prunes (silky pruners)	INCOME	30,000	30,000	30,000
697	413742	Tools for metering protection & electrification	INCOME	40,000	40,000	40,000
697	413743	Crusher Stone	INCOME	80,000	-	-
TOTAL				446,000	838,000	720,000

CIVIL ENGINEERING SECTION						
DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
645	401255	Tshikota upgrading of streets and pretorius	MIG	1,936,405	-	-
645	401268	OK/ Shoprite Traders market revitalization project	MIG	-	3,000,000.00	-
645	401260	Magau road phase 1	MIG	22,000,000	-	-
645	401209	Sereni Themba to Mashamba post office access road and bridges	MIG	-	15,000,000	-
645	401210	Tshivhulana to Tshilaphala access road phase 2	MIG	13,976,988.13	-	-
645	401271	Ledig road	MIG	9,387,156	-	-
645	401203	waterval streets and stormwater rehabillition	MIG	-	10,533,714.53	-
645	401262	Robert khoza street (chavani to bungeni road)	MIG	23,000,000	-	25,000,000.00
645	401263	Landfill site makhado + recycling centre	MIG	5,000,000	-	-



645	401264	Tshivhazwaulu to rasivheshela road phase 1	MIG	23,811,988	-	-
645	401265	Piesanghoek to Khunda road and stormwater	MIG	-	13,288,000.00	-
645	401266	Upgrading of Bungeni sports facilities	MIG	-	10,000,000.00	-
645	401267	Upgrading of Vuwani sports facilities	MIG	2,492,678	-	-
645	401294	Mudimeli bridge	MIG	5,758,786	-	-
645	401295	Tshikwarani to Zamkomste Road,Gombiti,Tshivhuyuni,Muwaweni to Mphage road,Tshirolwe,Matsa to Manyii road,Sibudi to Vyeboom road,Tshedza to Vuvha road.	MIG	1,600,000	-	-
645	401275	Tshikwarani ,Muduluni and Manavhela High mast lights	MIG	-	-	5,000,000.00
645	401276	Mingard entrance bridge to Chief Mbokota	MIG	-	-	6,500,000.00
645	401277	Thenga ,Magweni and Misevhe High mast lights	MIG	-	-	4,500,000.00
645	401278	Madabani, Muraleni and Ravele High mast lights	MIG	-	-	4,500,000.00
645	401279	Rivoni to Xihlobyeni access road	MIG	-	-	8,000,000.00
		Tshikwarani to Zamkomste road	MIG	-	9,200,000.00	-
		Tshirolwe, Matsa to Manyii road	MIG	-	9,200,000.00	-
		Tshedza to Vuvha road	MIG	-	9,200,000.00	-
		Sibudi to Vyeboom road	MIG	-	9,200,000.00	-
		Gombiti,Tshivhuyuni,Muwaweni to Mphage road	MIG	-	9,200,000.00	-
645	401284	Luvhalani to Dzananza access roads	MIG	-	-	5,000,000.00
645	401285	Tshituni,Matidza and Rabali High mast lights	MIG	-	-	5,000,000.00
645	401286	Olifantshoek Road Via Clinic To Rotterdam	MIG	-	-	1,531,000.00
645	401287	Construction of Tshivhuyuni sports and recreational facilities	MIG	-	6,070,285.47	15,000,000.00
645	401288	Provision of sports centre in Eltivillas/Makhado park	MIG	-	-	15,000,000.00
645	401289	Vuwani township,Vyeboom ,Vyeboom east high mast lights	MIG	-	-	5,000,000.00
645	401290	High mast lights Elim,Waterval and Mpheni	MIG	-	-	5,000,000.00



645	401292	High mast lights Madombidzha/Tshiozwi/Rathidili	MIG	-	-	5,000,000.00
645	401293	Provision of high mast lights at Hlanganani township , Njakanjaka and Bungeni taxi rank	MIG	-	-	5,000,000.00
645	401294	Development of Refuse Transfer Station for vuwani Region	MIG	-	2,000,000.00	-
645	401295	Fencing of eight graveyards	MIG	2,000,000.00	2,500,000.00	300,000.00
645	401296	Admin Block- Vuwani Traffic Station	MIG	-	8,500,000.00	500,000.00
645	401297	Construction of Admin Block (Testing Ground)	MIG	-	-	8,000,000.00
645	401298	Hawkers facility upgrading (Dzanani)	MIG	200,000.00	-	-
645	401299	Concrete Palisade Waterval Stadium	MIG	800,000.00	-	-
645	401300	Waterval Stadium Ablution Facility	MIG	300,000.00	-	-
TOTAL				112,264,000	116,892,000.00	123,831,000.00

BUILDING MAINTENANCE						
DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
657	404095	Makhado Civic Centre Extensions	INCOME		1,000,000.00	-
657	404096	Old aged home (latlante and herkaker)	INCOME		-	400,000.00
657	404097	Refurbishment of Showground Facilities (Ablution blocks, Halls, Water system)	INCOME	500,000	-	-
657	404098	Pound Office Plumbing	INCOME	50,000		
657	404099	Pound Upgrade and Fence	INCOME	100,000		
657	404100	Storeroom- Vuwani	INCOME	350,000.00	350,000.00	350,000.00
657	404101	Renovation of Office building-Dzanani	INCOME	90,000.00		
TOTAL				1,000,000	1,350,000	750,000



PROVISION OF TOOLS, EQUIPMENT & MATERIALS (ROADS AND STORM WATER)						
DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
171	415205	50 Lockers- at workshop yard	INCOME	100,000	-	-
171	415206	Table saw (building) - 50000	INCOME	50,000	-	-
171	415207	Plainer machine (building)-	INCOME	10,000	-	-
TOTAL				160,000	-	-

PROVISION OF TOOLS, EQUIPMENT & MATERIALS (MECHANICAL WORKSHOP)						
DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
346	415208	1*Compressor	INCOME	15,000	-	-
TOTAL				15,000	-	-
TOTAL TECHNICAL SERVICES BUDGET				146,390,000	190,690,000.00	181,091,000.00

2.15. Legislation compliance status

2.15.1. Municipal Finance Management Act

On July 1, 2004 the Municipal Finance Management Act officially came into effect. This legislation provides for significant changes in the way municipalities in South Africa manage their financial affairs. The legislation not only deals with accounting and finance issues but also deals with general management issues.

While the official date for the legislation was July 1, 2004 the implementation will be phased in up to a maximum of five years. This is due to the fact that the changes required are significant and far-reaching. Councils require time to make the necessary changes and ensure that employees understand and are trained in the required changes.

In terms of implementation, Makhado Municipality has been classified as a medium capacity municipality. The Municipality has made significant progress in the implementation of the MFMA as can be read from the table below.



**IMPLEMENTATION OF MUNICIPAL FINANCE MANAGEMENT ACT
MONITORING TOOL**

CHAPTER	SECTION	CONTENTS	LEGISLATIVE DATE	COMPLIANCE	STATUS OF MUNICIPALITY
4	15	Budgets: Appropriation of funds			Complies
	16	Tabling and approval of budgets before start of financial year	Immediately, with 2014/2015 draft budget to be tabled in Council no later than 31 March 2013 and final budget before the end of May each year.		Complies
	17(1)(c), (d)(ii) and (3)(b)	Contents of budgets and supporting documents	Applies to 2014/2015 budget		Complies
	18	Funding of expenditure	With effect from 2014/2015 budget year		Complies
	19	Capital Projects	Applies to 2014/2015 budget		Complies
	21	Budget preparation process	Budget preparation plan to reach Council before 30 September and annually thereafter		Complies
	22	Publication of annual budget	Immediately after 31 March 2013		Complies
	23	Consultations on budget (Community participation)	Applies to 2013/2014 budget		Complies
	24(2)(c)(iii)	Approval and submission of budgets	Applies to 2013/2014 budget		Complies
	25	Failure to approve budgets	Immediate		Complies
	26, 27	Consequences of failure	Immediate		Complies
	28	Municipal Adjustment budgets	With effect from 01 July 2013		Complies
	29,30,31,32	Unforeseen, unavoidable, unauthorized, irregular	Immediate		Complies



CHAPTER	SECTION	CONTENTS	LEGISLATIVE DATE	COMPLIANCE	STATUS OF MUNICIPALITY
	33	expenditure Contracts with future budget implications	Immediate		Complies
5	35	Promotion of co-operative governance	Immediate		Complies
	37	Promotion of co-operative governance	Applies to 2013/2014 Budget		Complies
	38,39,40	Stopping of funds to municipalities	With effect from 1 July 2013		Complies
6	45	Short-term debt repayment	Immediate with S45(4)(a)		Complies
	46,47,48,49,50	Long-debt, debt security, disclosure and guarantees	Immediate		Complies
7	52	Responsibilities of Mayors	Immediate		Complies
	53 1(c)(ii)&(iii), & (3)	Service delivery and budget implementation plans			Complies
	54(1)(b), (c), (d)(i), (3)				Complies
8	60,61	MM to be accounting officer, Fiduciary responsibilities	Immediate		Complies
	62(1)(c) & (f)(i)(ii)(iii)	Internal audit			Complies
	62(1)(f)(iv)	Full and proper records and supply chain management			Complies
	63(2)	Asset and liability management			Complies
	63(1)	Asset & liability management			Complies
	64,65	Expenditure on staff benefits	Immediate with reports setting out totals for category {i.e. (a) to (g)} by 31 January (for July to December) and 31 July (for January to June) each year		Complies
	66	Funds transferred to organizations & budget	Immediate		Complies



CHAPTER	SECTION	CONTENTS	LEGISLATIVE DATE	COMPLIANCE	STATUS OF MUNICIPALITY
	67,68	preparation	Immediate		Complies
	69(1)&(2)	Monitoring of revenue & expenditure Submission of draft SDBIP			Complies
	69(3)	Shortfalls & overspendings			Complies
	70	Monthly budget statements			Complies
	71(1)(a)(b)(g) (iii), (2)(3)&(4)	Expenditure by vote			Complies
	71(1)(c)&(d) & (g)(iii)	Monthly budget statements DORA			Complies
	71(1)(e), (f), (5,6,7)	Midyear budget & performance assessment			Complies
	72(1)(a)(i)(iii) (iv) (1)(b), (2)&(3)	SDBIP			Complies
	72 (1)(A)(1) (ii)	Reports on failure to implement Budget			Complies
	73	General reporting obligation			Complies
	74	Information for web-sites			Complies
	75				Complies
9	80	Budget & Treasury Office establishment	Immediate		Complies
	82	Delegations by Director Finance			Complies
10	84,85,86,	Bank accounts	Immediate.		Complies
11	110,113,114, 115,116,117, 118	Supply chain management Supply chain management policy			Complies
	111	Policy to comply with framework			Complies



CHAPTER	SECTION	CONTENTS	LEGISLATIVE DATE	COMPLIANCE	STATUS OF MUNICIPALITY
	112	Competency levels			Complies
	119				
	120	PPP-conditions and process			Complies
12	121	Reports & Audits – annually			Complies
	122(1)	Financial statements	Immediate		Complies
	122(3)	Statements – GRAP compliance			Complies
	123	Disclosures on allocations	Immediate		Complies
	124,125	Disclosures on Councillors			Complies
	126,127,128, 129,130,131, 132,133,134	Reports and audit, submissions, consequences, annual reports			Complies
13	135 to 162				
14	165	Internal audit unit			Complies
	166	Audit committees	Immediate		Complies
	167,168,169, 170	Councilors remuneration, treasury regulations, consultative processes			Complies
15	171 to 175	Financial misconduct	Immediate		Complies

Abbreviations:

MM - Municipal Manager or person acting in that capacity
MF - Manager Finance or person acting in that capacity
MCS - Manager Corporate Services or person acting in that capacity
SDBIP – Service Delivery and Budget Implementation Plan
MSA – Municipal Systems Act
PPP – Public Private Partnership



2.16. Annual budget of municipal entities attached to the municipalities annual budget

- The Makhado Municipality does not have the municipal entities.

2.17. Municipal Manager's Quality Certification

QUALITY CERTIFICATE

I **Mr I.P Mutshinyali**, the municipal manager of the **Makhado Local Municipality**, hereby certify that the Annual Budget and supporting documentations have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documentations are consistent with the Integrated Development Plan of the municipality.

Print name: Mr I.P Mutshinyali

Municipal manager of Makhado Local Municipality

Date 10/06/2015

The signed copy of quality certificate is attached as annexure D



Certification that the adopted budget for 2015/2016 is correctly captured and locked on the municipality's financial management system

(as requested by National Treasury in terms of section 74 of the MFMA, with reference to paragraph 8.3 of MFMA Budget Circular 67 dated 12 March 2013)

I, IP Mutshinyali in my capacity as accounting officer of the municipality, hereby certify that:

- The adopted annual budget has been captured on the municipality's financial system;
- There is complete agreement between the budget on the system and the budget adopted by council;
- The adopted annual budget on the municipality's financial system is locked and will not be changed as it serves as the baseline against which to monitor and measure performance; and
- The relevant budget return forms have been submitted to the local government database.

I, further certify that the municipality has in place controls to ensure that any changes to the adopted budget will be captured separately and only in accordance with:

- a virement authorised by the municipal manager, or duly delegate official, in terms of a council approved virements policy; and
- an adjustments budget approved by council.

Print Name Mr. IP Mutshinyali

Municipal manager of Makhado Local Municipality (LIM344)

Date 10/06/2015

The signed copy of the budget locking certificate is attached as annexure D